

(See "CONTINUING DISCLOSURE
OF INFORMATION" herein)

Dated October 16, 2014

Ratings:
S&P: "AAA"
Fitch: "AA+"
(see "OTHER INFORMATION
- Ratings" herein)

NEW ISSUE - Book-Entry-Only

In the opinion of Bond Counsel, interest on the Bonds will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under "TAX MATTERS" herein, including the alternative minimum tax on corporations.

THE BONDS HAVE NOT BEEN DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS"
FOR FINANCIAL INSTITUTIONS

\$93,950,000
TRINITY RIVER AUTHORITY OF TEXAS
REGIONAL WASTEWATER SYSTEM
REVENUE REFUNDING BONDS, SERIES 2014

Dated Date: November 1, 2014
Interest to accrue from Delivery Date

Due: August 1, as shown on Page ii

PAYMENT TERMS . . . Interest on the \$93,950,000 Trinity River Authority of Texas Regional Wastewater System Revenue Refunding Bonds, Series 2014 (the "Bonds") will accrue from the date they are initially delivered (the "Delivery Date") to the underwriters listed below (the "Underwriters"), will be payable on February 1, 2015 and on August 1 and February 1 of each year thereafter until maturity or prior redemption, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or integral multiples thereof within a maturity. **No physical delivery of the Bonds will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds (see "THE BONDS - Book-Entry-Only System" herein). The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (see "THE BONDS - Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE . . . The Bonds are issued pursuant to the provisions of Chapter 518, Acts of the 54th Texas Legislature, Regular Session, 1955, as amended, Chapter 30, Texas Water Code, as amended, Chapters 1207 and 1371, Texas Government Code, as amended, and other applicable laws, and a bond resolution authorizing the issuance of the Bonds (the "Bond Resolution") adopted by the Board of Directors (the "Board") of the Trinity River Authority of Texas (the "Authority" or "Issuer") on June 25, 2014. In the Bond Resolution, the Board delegated to an officer of the Authority (the "Authorized Officer") the authority to complete the sale of the Bonds. The terms of the sale are included in a "Pricing Certificate" which has been approved and executed by the Authorized Officer and completed the sale of the Bonds (the Bond Resolution and the Pricing Certificate are jointly referred to as the "Resolution"). Under the Constitution and the statutes of the State of Texas, the Authority has broad powers to effectuate flood control and the conservation and use for all beneficial purposes of storm and flood waters in the Trinity River watershed, and as a necessary aid to these purposes, the Authority has specific authority to construct, own and operate water and wastewater treatment, collection and transportation systems, and to make contracts in reference thereto with municipalities and others.

PURPOSE . . . Proceeds from the sale of the Bonds will be used for the purpose of providing funds (i) to refund portions of certain outstanding System revenue bonds (see "SCHEDULE I") relating to the Authority's Regional Wastewater System (the "System"); and (ii) to pay costs associated with the issuance of the Bonds.

CUSIP PREFIX: 89658H
MATURITY SCHEDULE & 9 DIGIT CUSIP
See Schedule on Page ii

LEGALITY . . . The Bonds are offered for delivery when, as and if issued and received by the Underwriters and subject to the approving opinion of the Attorney General of Texas and the opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel, Dallas, Texas (see APPENDIX D, "Form of Bond Counsel's Opinion"). Certain legal matters will be passed upon for the Underwriters by Fulbright & Jaworski LLP, Dallas, Texas, a member of Norton Rose Fulbright, counsel to the Underwriters.

DELIVERY . . . It is expected that the Bonds will be available for delivery through the facilities of DTC on or about November 13, 2014.

MORGAN STANLEY

ESTRADA HINOJOSA & COMPANY, INC.

LOOP CAPITAL MARKETS

RAYMOND JAMES

PIPER JAFFRAY & CO.

BOSC, INC.

A SUBSIDIARY OF BOK FINANCIAL CORPORATION

MATURITY SCHEDULE

Maturity (August 1)	Principal Amount	Interest Rate	Initial Yield	CUSIP Suffix ⁽¹⁾
2015	\$2,740,000	2.000%	0.100%	TF7
2016	7,615,000	5.000%	0.350%	TG5
2017	18,690,000	5.000%	0.570%	TH3
2018	7,860,000	5.000%	0.840%	TJ9
2019	8,275,000	5.000%	1.090%	TK6
2020	8,705,000	5.000%	1.330%	TL4
2021	9,720,000	5.000%	1.570%	TM2
2022	9,880,000	5.000%	1.770%	TN0
2023	9,980,000	5.000%	1.900%	TP5
2024	6,605,000	5.000%	2.000%*	TQ3
2025	715,000	4.000%	2.180%*	TR1
2026	745,000	4.000%	2.450%*	TS9
2027	770,000	4.000%	2.520%*	TT7
2028	805,000	4.000%	2.580%*	TU4
2029	845,000	4.000%	2.630%*	TV2

(Interest to accrue from the Delivery Date)

* Yield shown is yield to first call date, August 1, 2023.

(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of the American Bankers Association. CUSIP numbers have been assigned to this issue by the CUSIP Service Bureau and are included solely for the convenience of the owners of the Bonds. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP services. None of the Authority, the Financial Advisor or the Underwriters shall be responsible for the selection or correctness of the CUSIP numbers set forth herein.

OPTIONAL REDEMPTION . . . The Authority reserves the right, at its option, to redeem Bonds having stated maturities on and after August 1, 2024, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on August 1, 2023, or any date thereafter, at the par value thereof plus accrued interest to date of redemption (see "THE BONDS - Optional Redemption").

This Official Statement, which includes the cover page, Schedule I and the Appendices hereto, does not constitute an offer to sell or the solicitation of an offer to buy in any jurisdiction to any person to whom it is unlawful to make such offer, solicitation or sale. This Official Statement is not to be used in connection with an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACT. THE REGISTRATION OR QUALIFICATION OF THE BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAW OF THE STATES IN WHICH THE BONDS HAVE BEEN REGISTERED OR QUALIFIED, IF ANY, AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES, IF ANY, CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. THE BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

No dealer, broker, salesman or other person has been authorized by the Authority or the Underwriters to give any information, or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Authority or the Underwriters. This Official Statement does not constitute an offer to sell Bonds in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction.

The Underwriters have reviewed the information in this Official Statement pursuant to their respective responsibilities to investors under federal securities laws, but the Underwriters do not guarantee the accuracy or completeness of such information.

Certain information set forth herein has been obtained from the Authority, the Contracting Cities (as defined herein) and other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Financial Advisor or the Underwriters. Any information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority or the Contracting Cities or other matters described herein since the date hereof. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the Authority's and Contracting Cities' undertakings to provide certain information on a continuing basis.

NONE OF THE AUTHORITY, ITS FINANCIAL ADVISOR, NOR THE UNDERWRITERS MAKES ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY OR ITS BOOK-ENTRY-ONLY SYSTEM, AS SUCH INFORMATION HAS BEEN PROVIDED BY THE DEPOSITORY TRUST COMPANY.

This Official Statement includes descriptions and summaries of certain events, matters and documents. Such descriptions and summaries do not purport to be complete and all such descriptions, summaries and references thereto are qualified in their entirety by reference to this Official Statement in its entirety and to each such document, copies of which may be obtained from the Financial Advisor. Any statements made in this Official Statement or the appendices hereto involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of such opinions or estimates will be realized.

This Official Statement contains "forward-looking" statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Such statements may involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance and achievements to be different from future results, performance and achievements expressed or implied by such forward-looking statements. Investors are cautioned that the actual results could differ materially from those set forth in the forward-looking statements.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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The cover page hereof, this page, the schedule, the appendices included herein and any addenda, supplement or amendment hereto, are part of this Official Statement.

OFFICIAL STATEMENT SUMMARY

This summary is subject in all respects to the more complete information and definitions contained or incorporated in this Official Statement. The offering of the Bonds to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this summary from this Official Statement or to otherwise use it without the entire Preliminary Official Statement.

- THE AUTHORITY**..... The Trinity River Authority of Texas (the “Authority” or “Issuer”) is a governmental agency of the State of Texas and a body politic and corporate, created as a conservation and reclamation district under Article XVI, Section 59 of the Texas Constitution pursuant to Chapter 518, Acts of the 54th Texas Legislature, Regular Session, 1955, as amended. The Authority is governed by a Board (the “Board”) of 25 directors who are appointed by the Governor for six-year terms.
- THE BONDS**..... The Bonds are issued as \$93,950,000 Regional Wastewater System Revenue Refunding Bonds, Series 2014. The Bonds are issued as serial bonds maturing on August 1 in each of the years 2015 through 2029 (see “THE BONDS - Description of the Bonds”).
- PAYMENT OF INTEREST**..... Interest on the Bonds accrues from the date they are initially delivered to the Underwriters, and is payable February 1, 2015, and each August 1 and February 1, thereafter until maturity or prior redemption (see “THE BONDS - Description of the Bonds,”).
- AUTHORITY FOR ISSUANCE**..... The Bonds are issued pursuant to the provisions of Chapter 518, Acts of the 54th Texas Legislature, Regular Session, 1955, as amended, Chapter 30, Texas Water Code, as amended, Chapters 1207 and 1371, Texas Government Code, as amended, and other applicable laws, and a bond resolution authorizing the issuance of the Bonds (the “Bond Resolution”) adopted by the Board on June 25, 2014. In the Bond Resolution, the Board delegated to an officer of the Authority (the “Authorized Officer”) the authority to complete the sale of the Bonds. The terms of the sale are included in a “Pricing Certificate” which has been approved and executed by the Authorized Officer and completed the sale of the Bonds (the Bond Resolution and the Pricing Certificate are jointly referred to as the “Resolution”) (see “THE BONDS - Authority for Issuance”).
- SECURITY FOR THE BONDS**..... The Bonds constitute special obligations of the Authority, payable both as to principal and interest, and secured by a first lien on a pledge of the Net Revenues of the Authority under the Contracts entered into with the Contracting Parties (see “SECURITY AND SOURCE OF PAYMENT”). The Authority has also authorized the creation of \$175,000,000 Extendable Commercial Paper Bonds (“ECP Bonds”) program. The ECP Bonds are secured by and payable from a first lien on the Net Revenues of the System created in the resolution authorizing their issuance; provided that the pledge of Net Revenues securing the ECP Bonds is expressly made junior and subordinate to the pledge of Net Revenues securing First Lien Bonds as described herein. The ECP Bonds are and shall be secured by and payable only from the Net Revenues, from the proceeds from the sale of ECP Bonds to refinance maturing ECP Bonds (i.e., “roll”) and the proceeds of Refunding Bonds to be issued by the Authority.
- REDEMPTION**..... The Authority reserves the right, at its option, to redeem Bonds having stated maturities on and after August 1, 2024, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on August 1, 2023 or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see “THE BONDS - Optional Redemption”).
- TAX EXEMPTION**..... In the opinion of Bond Counsel, the interest on the Bonds will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under the caption “TAX MATTERS” herein, including the alternative minimum tax on corporations.
- USE OF PROCEEDS**..... Proceeds from the sale of the Bonds will be used for the purpose of providing funds (i) to refund portions of certain outstanding System revenue bonds (see “SCHEDULE I”); and (ii) to pay costs associated with the issuance of the Bonds.
- RATINGS**..... The Bonds are rated “AAA” by Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business (“S&P”), and “AA+” by Fitch Ratings (“Fitch”). The Outstanding Parity Bonds of the Authority are rated “AAA” by S&P and “AA+” by Fitch, each without regard to credit enhancement (see “OTHER INFORMATION - Ratings”).

BOOK-ENTRY-ONLY SYSTEM..... The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of DTC pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or integral multiples thereof within a maturity. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds (see "THE BONDS - Book-Entry-Only System").

PAYMENT RECORD Neither the Authority nor any of the Contracting Parties have ever defaulted in payment of their bonds.

For additional information regarding the Authority, please contact:

Ms. Alison A. Mackey, CPA
Trinity River Authority of Texas
P.O. Box 60
Arlington, Texas 76004
(817) 493-5118

or

Mr. W. Boyd London, Jr.
Ms. Mary Williams
First Southwest Company
325 North St. Paul Street, Suite 800
Dallas, Texas 75201
(214) 953-4000

AUTHORITY OFFICIALS, STAFF AND CONSULTANTS

Board Members	Position	Area Represented
Kim C. Wyatt	President and Member, Executive Committee	Navarro County
Jess A. Laird	Vice President and Member, Executive Committee	Henderson County
Harold L. Barnard	Chairman and Member, Executive Committee	Ellis County
Christina Melton Crain	Chair, Legal Committee, Member Executive Committee	Dallas County
David B. Leonard	Chairman, Resources Dev. Comm., Member, Executive Comm.	Liberty County
Kevin Maxwell	Chairman, Utility Services Committee, Member, Exec. Comm.	Houston County
Henry Borbolla III	Member, Administration Committee	Tarrant County
Shirley K. Seale	Chair, Administration Committee, Member Executive Comm.	Chambers County
William W. Collins Jr.	Member, Administration Committee	Tarrant County
Michael Cronin	Member, Resources Development Committee	Kaufman County
Steve Cronin	Member, Legal Committee	San Jacinto County
Amanda B. Davis	Member, Administration Committee	Leon County
Valerie E. Ertz	Member, Utility Services Committee	Dallas County
Tommy G. Fordyce	Member, Legal Committee	Walker County
Ronald J. Goldman	Member, Resources Development Committee	Director at Large
Martha A. Hernandez	Member, Resources Development Committee	Tarrant County
John W. Jenkins	Member, Utility Services Committee	Director at Large
Dennis "Joe" McCleskey	Member, Utility Services Committee	Trinity County
James W. Neale	Member, Legal Committee	Dallas County
Manny Rachal	Member, Resources Development Committee	Polk County
Amir A. Rupani	Member, Resources Development Committee	Director at Large
Ana Laura Saucedo	Member, Utility Services Committee	Dallas County
Dudley K. Skyrme	Member, Utility Services Committee	Anderson County
C. Dwayne Somerville	Member, Legal Committee	Freestone County
J. Carol Spillars	Member, Administration Committee	Madison County

Management Officers

J. Kevin Ward	General Manager
Fiona M. Allen, P.E.	Regional Manager, Northern Region
Jimmie R. Sims.	Regional Manager, Southern Region
Alison A. Mackey, CPA	Chief Financial Officer
Thomas D. Sanders	Construction Services Manager
Don A. Tucker	General Services Manager
Glenn Clingenpeel	Planning and Environmental Services Manager
Howard S. Slobodin	Secretary, Board of Directors and General Counsel

Consultants and Advisors

Authority Counsel.....	Booth, Ahrens & Werkenthin, P.C.....	Austin, Texas
Independent Auditors.....	Weaver and Tidwell, LLP	Dallas, Texas
Consulting Engineer.....	IT Nexus, Inc.	San Antonio, Texas
Bond Counsel.....	McCall, Parkhurst & Horton L.L.P	Dallas, Texas
Financial Advisor.....	First Southwest Company	Dallas, Texas

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OFFICIAL STATEMENT

RELATING TO

\$93,950,000

TRINITY RIVER AUTHORITY OF TEXAS REGIONAL WASTEWATER SYSTEM REVENUE REFUNDING BONDS, SERIES 2014

INTRODUCTION

This Official Statement, which includes the Schedule and Appendices hereto, provides certain information regarding the issuance of \$93,950,000 Trinity River Authority of Texas Regional Wastewater System Revenue Refunding Bonds, Series 2014 (the "Bonds"). Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Resolution (defined herein), except as otherwise indicated herein (see "SELECTED PROVISIONS OF THE RESOLUTION").

There follows in this Official Statement descriptions of the Bonds and certain information regarding the Trinity River Authority of Texas (the "Authority" or "Issuer") and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the Authority's Financial Advisor, First Southwest Company, Dallas, Texas.

Description of the Authority

The Authority is a governmental agency of the State of Texas and a body politic and corporate, created as a conservation and reclamation district under Article XVI, Section 59 of the Constitution pursuant to Chapter 518, Acts of the 54th Legislature of Texas, Regular Session, 1955, as amended. Under the Constitution and the statutes of the State of Texas, the Authority has broad powers to effectuate flood control and the conservation and use, for all beneficial purposes, of storm and flood waters and unappropriated flow waters in the Trinity River watershed, and as necessary aid to these purposes, the Authority has specific authority to construct, own and operate water and wastewater treatment, collection and transportation systems, and to make contracts in reference thereto with municipalities and others.

The Authority consists of all the territories in the Counties of Dallas, Tarrant, Ellis, Navarro and Chambers, and the principal watershed portions of Anderson, Freestone, Henderson, Houston, Kaufman, Leon, Madison, Polk, San Jacinto, Trinity, Walker and Liberty Counties. The Authority is governed by a Board (the "Board") of 25 directors who are appointed by the Governor with the advice and consent of the Texas Senate. The first directors were appointed for staggered terms, and directors thereafter have served six-year terms. Three of the directors are appointed from the area-at-large; three directors are from Tarrant County; four are from Dallas County; and one director is from each of the other counties.

PLAN OF FINANCING

Purpose

Proceeds from the sale of the Bonds will be used for the purpose of providing funds (i) to refund portions of certain outstanding revenue bonds relating to the Authority's Central Regional Wastewater System (the "System") (the "Refunded Bonds") (see "SCHEDULE I"); and (ii) to pay costs associated with the issuance of the Bonds.

Refunded Bonds

A description and identification of the Refunded Bonds appears in SCHEDULE I.

The principal and interest due on the Refunded Bonds are to be paid on each interest payment date and the redemption date of the Refunded Bonds from funds to be deposited pursuant to a certain Escrow Agreement (the "Escrow Agreement") between the Authority and Wilmington Trust, N.A., Dallas, Texas (the "Escrow Agent"). The Resolution provides that from the proceeds of the sale of the Bonds received from the Underwriters and other available Authority funds, if any are necessary, the Authority will deposit with the Escrow Agent the amount when invested that will be sufficient to pay all amounts coming due on the Refunded Bonds to their redemption date and to accomplish the discharge and final payment of the Refunded Bonds on their redemption date. Such funds will be

held by the Escrow Agent in a special escrow account (the "Escrow Fund") and used to purchase direct obligations of the United States of America or obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of the purchase thereof are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent (the "Escrow Securities"). Under the Escrow Agreement, the Escrow Fund is irrevocably pledged to the payment of the principal of and interest on the Refunded Bonds.

Causey Demgen & Moore P.C., a nationally recognized accounting firm, will issue its report (the "Report") verifying at the time of delivery of the Bonds to the Underwriters thereof the mathematical accuracy of the schedules that demonstrate the Escrow Securities will mature and pay interest in such amounts which, together with uninvested funds, if any, in the Escrow Fund, will be sufficient to pay, when due, the principal of and interest on the Refunded Bonds. Such maturing principal of and interest on the Escrow Securities will not be available to pay the Bonds.

By the deposit of the Escrow Securities and cash, if necessary, with the Escrow Agent pursuant to the Escrow Agreement, the Authority will have effected the defeasance of all of the Refunded Bonds in accordance with State law and in reliance upon the Report. As a result of such defeasance, the Refunded Bonds will be outstanding only for the purpose of receiving payments from the Escrow Securities and any cash held for such purpose by the Escrow Agent and such Refunded Bonds will not be deemed as being outstanding obligations of the Authority payable from Net Revenues nor for the purpose of applying any limitation on the issuance of debt, and the Authority will have no further responsibility with respect to amounts available in the Escrow Fund for the payment of the Refunded Bonds from time to time, including any insufficiency therein caused by the failure to receive pay when due on the Escrow Securities.

Sources and Uses of Bond Proceeds

Proceeds from the sale of the Bonds are expected to be applied approximately as follows:

Sources of Funds	
Par Amount of Bonds	\$ 93,950,000.00
Net Reoffering Premium	16,222,182.10
Transfer of other Available Authority Funds	6,000,000.00
Release from Debt Service Reserve Fund	1,502,730.04
Total Sources of Funds	\$ 117,674,912.14
Uses of Funds:	
Deposit to Escrow Fund	\$ 116,680,739.29
Underwriters' Discount	496,329.47
Costs of Issuance	497,843.38
Total Uses of Funds	\$ 117,674,912.14

THE BONDS

Description of the Bonds

The Bonds are dated November 1, 2014, and mature on August 1 in each of the years and in the amounts shown on page ii hereof. Interest will accrue from the date they are initially delivered to the Underwriters, will be payable on February 1, 2015 and on August 1 and February 1 of each year thereafter until maturity or prior redemption, and will be computed on the basis of a 360-day year of twelve 30-day months. The definitive Bonds will be issued only in fully registered form in any integral multiple of \$5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds (see "THE BONDS - Book-Entry-Only System" herein).

Interest on the Bonds is payable to the registered owner appearing on the bond registration books of the Paying Agent/Registrar on the Record Date (as defined below) and such interest shall be paid by the Paying Agent/Registrar (i) by check sent by United States Mail, first class postage prepaid, to the address of the registered owner recorded in

the bond register or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. Principal of and interest on the Bonds at maturity will be payable upon their presentation and surrender to the Paying Agent/Registrar; provided, however, that so long as Cede & Co. (or other DTC nominee) is the registered owner of the Bonds, all payments will be made as described under "THE BONDS - Book-Entry-Only System" herein. If the date for any payment on the Bonds shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the designated corporate office of the Paying Agent/Registrar is located is authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

Authority For Issuance

The Bonds are being issued pursuant to the provisions of Chapter 518, Acts of the 54th Texas Legislature, Regular Session, 1955, as amended, Chapter 30, Texas Water Code, as amended, Chapters 1207 and 1371, Texas Government Code, as amended, and other applicable laws, and a bond resolution authorizing the issuance of the Bonds (the "Bond Resolution") adopted by the Board on June 25, 2014. In the Bond Resolution, the Board delegated to an officer of the Authority (the "Authorized Officer") the authority to complete the sale of the Bonds. The terms of the sale are included in a "Pricing Certificate" which has been approved and executed by the Authorized Officer and completed the sale of the Bonds (the Bond Resolution and the Pricing Certificate are jointly referred to as the "Resolution").

Under the Constitution and the statutes of the State of Texas, the Authority has broad powers to effectuate flood control and the conservation and use for all beneficial purposes of storm and flood waters in the Trinity River watershed, and as a necessary aid to these purposes, the Authority has specific authority to construct, own and operate water and wastewater treatment, collection and transportation systems, and to make contracts in reference thereto with municipalities and others. The Bonds are payable from the income to be received by the Authority under contracts (the "Contracts") with the following municipalities: Town of Addison, the Cities of Arlington, Bedford, Carrollton, Cedar Hill, Colleyville, Coppell, Dallas, Duncanville, Euless, Farmers Branch, Fort Worth, Grand Prairie, Grapevine, Hurst, Irving, Keller, Mansfield, North Richland Hills and Southlake and the Dallas-Fort Worth International Airport Board (the "Contracting Parties"). The Bonds are "Additional Bonds" permitted to be issued by the resolutions of the Board of Directors of the Authority authorizing the issuance of the currently outstanding Regional Wastewater System Revenue Bonds.

Regional Wastewater System Revenue Bonds, Series 2004 (being refunded by the Bonds), Regional Wastewater System Revenue Bonds, Series 2005 (being refunded by the Bonds), Regional Wastewater System Revenue Bonds, Series 2007, Regional Wastewater System Revenue Bonds, Series 2008, Regional Wastewater System Revenue Refunding Bonds, Series 2008, Regional Wastewater System Revenue Bonds, Series 2009, Regional Wastewater System Revenue Bonds, Series 2010, Regional Wastewater System Revenue Bonds, Series 2010A, Regional Wastewater System Revenue Refunding Bonds, Series 2011, Regional Wastewater System Revenue Bonds, Series 2011A and Regional Wastewater System Revenue Bonds, Series 2012, Regional Wastewater System Revenue Improvement and Refunding Bonds, Series 2013 shall be referred to as "Outstanding Parity Bonds".

Redemption

The Authority reserves the right, at its option, to redeem Bonds having stated maturities on and after August 1, 2024, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on August 1, 2023 or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Bonds are to be redeemed, the Authority may select the maturities of the Bonds to be redeemed. If less than all of the Bonds of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Bonds are in Book-Entry-Only form) shall determine by lot the Bonds, or portions thereof, within such maturity to be redeemed.

Notice of Redemption

At least 30 days prior to the date fixed for any redemption of Bonds or portions thereof prior to maturity a written notice of such redemption shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, to the registered owner of each Bond to be redeemed at its address as it appeared on the day such notice of redemption is mailed and to major securities depositories, national bond rating agencies and any national information service that disseminates redemption notices; provided, however, that the failure of the registered owner to receive such notice, or any defect therein or in the sending or mailing thereof, shall not affect the validity or

effectiveness of the proceedings for the redemption of any Bond. By the date fixed for any such redemption due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for the Bonds or portions thereof which are to be so redeemed. If such written notice of redemption is published and if due provision for such payment is made, all as provided above, the Bonds or portions thereof which are to be so redeemed thereby automatically shall be treated as redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the registered owner to receive the redemption price from the Paying Agent/Registrar out of the funds provided for such payment. If a portion of any Bond shall be redeemed a substitute Bond or Bonds having the same maturity date, bearing interest at the same rate, in any denomination or denominations in any integral multiple of \$5,000, at the written request of the registered owner, and in aggregate principal amount equal to the unredeemed portion thereof, will be issued to the registered owner upon the surrender thereof for cancellation, at the expense of the Issuer, all as provided in the Resolution.

If at the time of mailing of notice of optional redemption there shall not have either been deposited with the Paying Agent/Registrar or legally authorized Deposit Agent immediately available funds sufficient to redeem all the Bonds called for redemption, such notice must state that it is conditional, and is subject to the deposit of the redemption moneys with the Paying Agent/Registrar or legally authorized Deposit Agent at or prior to the redemption date, and such notice shall be of no effect unless such moneys are so deposited on or prior to the redemption date. If such redemption is not effectuated, the Paying Agent/Registrar shall, within 5 days thereafter, give notice in the manner in which the notice of redemption was given that such moneys were not so received and shall rescind the redemption.

The Paying Agent/Registrar and the Authority, so long as a Book-Entry-Only System is used for the Bonds, will send any notice of redemption, notice of proposed amendment to the Resolution or other notices only to DTC. Any failure by DTC to advise any DTC participant, or of any DTC participant or indirect participant to notify the beneficial owner, shall not affect the validity of the redemption of Bonds called for redemption or any other action premised on any such notice. Redemption of portions of the Bonds by the Authority will reduce the outstanding principal amount of such Bonds held by DTC. In such event, DTC may implement, through its Book-Entry-Only System, a redemption of such Bonds held for the account of DTC participants in accordance with its rules or other agreements with DTC participants and then DTC participants and indirect participants may implement a redemption of such Bonds from the beneficial owners. Any such selection of Bonds to be redeemed will not be governed by the Resolution and will not be conducted by the Authority or the Paying Agent/Registrar. Neither the Authority nor the Paying Agent/Registrar will have any responsibility to DTC participants, indirect participants or the persons for whom DTC participants act as nominees, with respect to the payments on the Bonds or the providing of notice to DTC participants, indirect participants, or beneficial owners of the selection of portions of the Bonds for redemption (see "THE BONDS - Book-Entry-Only System").

Reserve Fund

There is now on deposit in the Reserve Fund created by the 1973 Bond Resolution an amount of money and investments in market value at least equal to the average annual principal and interest requirements of the Outstanding Parity Bonds and the Bonds, being all of the bonds which will be outstanding and payable from Net Revenues after the delivery of the Bonds (the "Reserve Required Amount"). Until and unless Additional Bonds are issued as permitted in the Outstanding Parity Bond Resolutions and the Resolution, no deposits shall be made into the Reserve Fund as long as the money and investments in the Reserve Fund are at least equal in market value to the Reserve Required Amount. However, if and whenever the amount of money and investments in the Reserve Fund is reduced below said Reserve Required Amount because of a decrease in market value of investments, then the Authority shall restore the Reserve Fund to the Reserve Required Amount from the Emergency Fund (see "THE BONDS - Emergency Fund") and/or the Research and Development Fund created by the 1973 Bond Resolution to the extent of amounts available therein, and if such amounts are insufficient, then the Authority shall require the Contracting Parties to increase their payments under the Contracts as soon as practicable, and in any event within one year, in an amount sufficient to restore the Reserve Fund to the Reserve Required Amount. In the event the Reserve Fund is used to pay the principal of or interest on any bonds because of insufficient amounts being available in the Interest and Sinking Fund, then the Authority shall require the Contracting Parties to increase their payments under the Contracts in an amount sufficient to restore the Reserve Fund to the Reserve Required Amount, and the Authority shall deposit in the Reserve Fund, in approximately equal periodic payments, not less than annually, such amounts as are required to restore the Reserve Fund to the Reserve Required Amount from said increased payments within five years from any date of the use of the Reserve Fund to pay such principal or interest. So long as the Reserve Fund contains the Reserve Required Amount, all amounts in excess thereof shall be deposited to the credit

of the Claims Fund, the Emergency Fund, and the Research and Development Fund, to the extent required by Section 3.13 of the 1973 Bond Resolution, and with the remainder to be deposited to the credit of the Interest and Sinking Fund. See "SECURITY AND SOURCE OF PAYMENT - Reserve Fund Requirement" for additional details about the Reserve Fund.

Emergency Fund

There is now on hand in the Emergency Fund created by the 1973 Bond Resolution an amount equal to at least \$1,000,000 (the "Required Emergency Amount"). No deposits are required to be made to the credit of the Emergency Fund so long as it contains the Required Emergency Amount. If the Required Emergency Amount is reduced below \$1,000,000 the Authority shall require the Contracting Parties to increase their payments under the Contracts in amounts sufficient to restore the Emergency Fund to the Required Emergency Amount as soon as practicable, and in all events by the end of the next following Authority fiscal year.

Defeasance

The Resolution provides for the defeasance of the Bonds when the payment of all amounts due with respect to the Bonds to the due date thereof is provided by irrevocably depositing with the Paying Agent/Registrar or authorized Deposit Agent, in trust (1) money sufficient to make such payment and/or (2) Defeasance Securities to mature as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of the paying agent for the Bonds. The Resolution provides that "Defeasance Securities" means any securities and obligations now or hereafter authorized by State law that are eligible to discharge obligations such as the Bonds. Current State law permits defeasance with the following types of securities: (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the Authority adopts or approves the proceedings authorizing the issuance of refunding obligations, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the Authority adopts or approves the proceedings authorizing the issuance of refunding obligations, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent. The Authority has the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Defeasance Securities for the Defeasance Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the Authority moneys in excess of the amount required for such defeasance.

There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds. Because the Resolution does not contractually limit such investments, registered owners will be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law.

Upon such deposit as described above, such Bonds shall no longer be regarded to be outstanding or unpaid. After firm banking and financial arrangements for the discharge and final payment or redemption of the Bonds have been made as described above, all rights of the Authority to initiate proceedings to call the Bonds for redemption or take any other action amending the terms of the Bonds are extinguished; provided, however, that the right to call the Bonds for redemption (to the extent the Bonds are subject to redemption) is not extinguished if the Authority: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call such Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of such Bonds immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

Book-Entry-Only System

This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by DTC while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The Authority and the Underwriters believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.

The Authority and the Underwriters cannot and do not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Bonds (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate for each maturity will be issued for the Securities, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instrument (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company of DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s

consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Authority or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are the responsibility of the Authority or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Authority or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

Use of Certain Terms in Other Sections of this Official Statement. In reading this Official Statement it should be understood that while the Bonds are in the Book-Entry Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry Only System, and (ii) except as described above, notices that are to be given to registered owners under the Resolution will be given only to DTC.

Information concerning DTC and the Book-Entry Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the Authority or the Underwriters.

Effect of Termination of Book-Entry-Only System. In the event the Book-Entry-Only System with respect to the Bonds is discontinued by DTC, or the use of the Book-Entry-Only System with respect to the Bonds is discontinued by the Authority, printed Bond certificates will be issued to the respective holders of the Bonds, and the respective Bonds will be subject to transfer, exchange, and registration provisions as set forth in the Resolution, summarized under "THE BONDS - Registration, Transfer and Exchange" below.

Paying Agent/Registrar

The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas. In the Resolution, the Authority retains the right to replace the Paying Agent/Registrar. The Authority covenants to maintain and provide a Paying Agent/Registrar at all times until the Bonds are duly paid and any successor Paying Agent/Registrar shall be a commercial bank or trust company organized under the laws of the State of Texas or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Bonds. Upon any change in the Paying Agent/Registrar for the Bonds, the Authority agrees to promptly cause a written notice thereof to be sent to each registered owner of the Bonds by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

Transfer, Exchange And Registration

In the event the Book Entry Only System should be discontinued, the Bonds will be printed and delivered to the beneficial owners thereof, and thereafter the Bonds may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender to the Paying Agent/Registrar and such transfer or exchange shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. Bonds may be assigned by the execution of an assignment form on the respective Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bonds being transferred or exchanged, at the designated office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Bonds to be canceled, and the

written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Bonds registered and delivered in an exchange or transfer shall be in any integral multiple of \$5,000 for any one maturity and for a like aggregate designated amount as the Bonds surrendered for exchange or transfer. See "THE BONDS - Book Entry Only System" herein for a description of the system to be utilized initially in regard to ownership and transferability of the Bonds.

Limitation on Transfer of Bonds

The Paying Agent/Registrar shall not be required to make any transfer, conversion or exchange (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or, (ii) with respect to any Bond or any portion thereof called for redemption prior to maturity, within 30 days prior to its redemption date.

Record Date for Interest Payment

The record date ("Record Date") for the interest payable on the Bonds on any interest payment date means the close of business on the fifteenth calendar day of the preceding month.

In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Authority. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Holder of a Bond appearing on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

Bondholders' Remedies

The Resolution does not specify events of default with respect to the Bonds. If the Authority defaults in the payment of principal, interest, or redemption price on the Bonds when due, or the Authority defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Resolution, the registered owners may seek a writ of mandamus to compel the Authority or Authority officials to carry out the legally imposed duties with respect to the Bonds if there is no other available remedy at law to compel performance of the Bonds or the Resolution and the Authority's obligations are not uncertain or disputed. The issuance of a writ of mandamus is controlled by equitable principles, so rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Resolution does not provide for the appointment of a trustee to represent the interest of the Bondholders upon any failure of the Authority to perform in accordance with the terms of the Resolution, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners. On June 30, 2006, the Texas Supreme Court ruled in *Tooke v. City of Mexia*, 197 S.W. 3rd 325 (Tex. 2006), that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Because it is unclear whether the Texas legislature has effectively waived the Authority's sovereign immunity from a suit for money damages, Bondholders may not be able to bring such a suit against the Authority for breach of the Bonds or Resolution covenants in the absence of Authority action. Chapter 1371, Texas Government Code ("Chapter 1371"), which pertains to the issuance of public securities by issuers such as the Authority, permits the Authority to waive sovereign immunity in the proceedings authorizing its bonds, but in connection with the issuance of the Bonds, the Authority has not waived sovereign immunity. Even if a judgment against the Authority could be obtained, it could not be enforced by direct levy and execution against the Authority's property. Further, the registered owners cannot themselves foreclose on property within the Authority or sell property within the Authority to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. Furthermore, the Authority is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, such provision is subject to judicial construction. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or Bondholders of an entity which has sought protection under Chapter 9. Therefore, should the Authority avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The

opinion of Bond Counsel will note that all opinions relative to the enforceability of the Bonds are qualified with respect to the customary rights of debtors relative to their creditors.

SECURITY AND SOURCE OF PAYMENT

The Authority has entered into the Contracts with the Contracting Parties to enable it to construct and improve a central regional wastewater treatment system (the "System") for the benefit of the Contracting Parties (see "THE SYSTEM-The Plant"). The Bonds, and interest thereon, are payable solely from the "Net Revenues" to be received by the Authority under the terms of the Contracts, and the Authority has pledged these Net Revenues to the punctual payment of these obligations, when due. The term "Net Revenues" is defined in the Bond Resolution as all of the gross revenues or payments received by the Authority from the Contracting Parties under the Contracts after deducting therefrom the amounts paid to the Authority for the purpose of paying Operation and Maintenance Expenses, with the result that the Net Revenues shall consist of the amounts necessary to pay all principal and/or interest coming due on the Bonds and the Outstanding Parity Bonds, on each principal and/or interest payment date, and any amounts payable as part of any special or reserve funds required to be established and/or maintained by the provisions of any Bond Resolution, as defined in the Contracts, and an amount in addition thereto sufficient to restore any deficiency in any of such funds or accounts required to be accumulated and maintained by the provisions of any Bond Resolution, as defined in the Contracts.

The Authority has also authorized the creation of \$175,000,000 ECP Bonds. The ECP Bonds are secured by and payable from a first lien on the Net Revenues of the System created in the resolution authorizing their issuance; provided that the pledge of Net Revenues securing the ECP Bonds is expressly made junior and subordinate to the pledge of Net Revenues securing First Lien Bonds as described herein. The ECP Bonds are and shall be secured by and payable only from the Net Revenues, from the proceeds from the sale of ECP Bonds to refinance maturing ECP Bonds (i.e., "roll") and the proceeds of Refunding Bonds to be issued by the Authority.

The expense of operating the System, including administrative overhead and the amount necessary to pay debt service on any outstanding bonds, is reduced to a cost in cents per 1,000 gallons of sewage deposited into the System. Each Contracting Party is then billed monthly according to their projected annual flow with provisions for adjustment. The fiscal provisions of the Contracts with the Authority are summarized in this Official Statement. (see "SELECTED CONTRACT PROVISIONS").

Actual net cost to the Contracting Parties for wastewater treatment for fiscal year 2013 was \$1.940 per 1,000 gallons. Estimated net cost of wastewater treatment to the Contracting Parties for billing purposes for fiscal year 2014 is \$2.124 per 1,000 gallons and the projected net cost for fiscal year 2015 is \$2.226 per 1,000 gallons.

Reserve Fund Requirement

There has previously been created a Reserve Fund to be used to finally retire or to pay when due debt service on Outstanding Parity Bonds and any Additional Bonds to the extent the amounts in the Interest and Sinking Fund are insufficient. The Resolution provides that so long as the market value of the money and investments in the Reserve Fund are not less than a "Required Reserve" equal to the average annual principal and interest requirements of the Outstanding Parity Bonds and any Additional Bonds, no deposit to the Reserve Fund is required (see "THE BONDS - Reserve Fund" and "SELECTED PROVISIONS OF THE RESOLUTION"). At delivery of the Bonds, the amount required to fully fund the Required Reserve is on deposit in the Reserve Fund.

THE SYSTEM

The Plant

The Central Regional Wastewater System (the "System") is considered a large regional wastewater system currently serving approximately 1.8 million customers in Dallas, Tarrant, Ellis, Johnson, and Denton counties of North Central Texas. The System includes facilities required to transport and treat flow volumes received from portions or all of twenty cities and the Dallas-Fort Worth International Airport. The System has been in continuous operation since the original 30 MGD two stage trickling filter plant (the "Plant") was placed into operation December 1, 1959. In response to the population growth of the Contracting Parties serviced by the System, the Plant was expanded during the mid-seventies to a 100 MGD capacity when twelve additional Contracting Parties were admitted to the System. In 1987, through the addition of several equipment modifications, the Plant was upgraded to a temporary 115 MGD capacity. In late 1989, construction was initiated on the Phase III Expansion of the Plant to 135 MGD with a capability of meeting more stringent discharge limits. This expansion was completed in mid-1993. Since the

Plant was last expanded, the Authority has continued to make process changes and has received an up rating from the Texas Commission on Environmental Quality. The current rated capacity of the Plant is 162 MGD. The Plant receives wastewater via a network of 210 plus miles of interceptor pipeline. These interceptors range in size from 6 to 108 inches in diameter. The flow collected by each interceptor is metered through a series of 139 meter stations distributed throughout the System; these meters are utilized for determining respective flow contributions from each of the Contracting Parties allowing subsequent proportionate segregation of System costs based upon the share of System usage.

In 1992, the Authority completed the first of several planning efforts (each referred to herein as a “System Improvement Plan”) for the System. Development of this initial System Improvement Plan was a scheduled milestone in the Authority’s continued long-term planning efforts for the System. Other subsequent System Improvement Plans were completed in 1998, 2001, 2004, 2007, 2009 and 2012. Generally, the projects contemplated by each System Improvement Plan were completed within three (3) years of commencement.

The 2012 System Improvement Plan identifies numerous improvements, including, but not limited to, improvements to the System’s treatment plant and collection system. These improvements will be funded, in part, by future bond issues (See “THE SYSTEM – Anticipated Issuance of Additional System Revenue Bonds”).

The National Association of Clean Water Agencies (formerly known as Association of Metropolitan Sewerage Agencies) recognized the System and the Authority with Platinum Awards for Peak Performance for the years 2007 through 2012. This Platinum Award recognized the Authority for its 100% compliance with NPDES permits over a consecutive five-year period. Aside from the awards received by the Plant, the System has received national recognition within the industry for three innovative projects:

- 1) the System’s early use of fine bubble diffusion as a retrofit to the secondary treatment process to achieve greater energy efficiency and treatment capability;
- 2) the System’s establishment of the largest urban reuse project in the State of Texas wherein treated effluent is pumped to a large development in Irving, Texas, for use in lake level maintenance and golf course irrigation; and
- 3) the System’s completion of the Jefferson Avenue Relief Tunnel facility, a 10,500 linear foot 72-inch diameter relief diversion facility which served to facilitate the abandonment of a 20 MGD lift station and avoided the construction of approximately 30,000 linear feet of relief pipeline.

These projects have served as examples of the possibilities that can be implemented on a regionally scaled project.

Central Regional Wastewater System Enterprise Fund

	Fiscal Year Ended November 30,				
	2013	2012	2011	2010	2009
Total Operating Revenue	\$91,202,165	\$86,126,026	\$83,544,801	\$79,672,000	\$76,559,074
Operating Expenses (Exclusive of Depreciation)	(36,427,588)	(36,205,134)	(34,215,189)	(34,719,130)	(36,815,936)
Net Non-Operating Revenues/(Expenses) (Exclusive of Interest and Amortization Expenses)	299,442	320,946	1,018,515	1,163,473	2,232,510
Net Funds Available for Debt Service	\$55,074,019	\$50,241,838	\$50,348,127	\$46,116,343	\$41,975,648

For additional information with respect to the System’s operating data, see APPENDIX C, “Certain Financial and Operating Data of Central Regional Wastewater System Enterprise Fund.”

Anticipated Issuance of Additional System Revenue Bonds

The Authority tentatively has plans to issue an estimated \$140,000,000 in bonds (excluding the Bonds) for certain treatment plant and collection system improvements for the System during the next 2 years.

The Authority has also authorized the creation of \$175,000,000 Extendable Commercial Paper Bonds ("ECP Bonds") program. The ECP Bonds are secured by and payable from a first lien on the Net Revenues of the System created in the resolution authorizing their issuance; provided that the pledge of Net Revenues securing the ECP Bonds is expressly made junior and subordinate to the pledge of Net Revenues securing First Lien Bonds as described herein. The ECP Bonds are and shall be secured by and payable only from the Net Revenues, from the proceeds from the sale of ECP Bonds to refinance maturing ECP Bonds (i.e., "roll") and the proceeds of Refunding Bonds to be issued by the Authority.

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DEBT INFORMATION

Proforma Debt Service Requirements

Fiscal Year Ending November 30	Outstanding Parity Bonds Debt Service ⁽¹⁾			Less: Refunded Bonds Debt Service ⁽²⁾	The Bonds			Total Outstanding Debt Service*
	Principal	Interest	Total		Principal	Interest	Total	
2015	\$37,720,000	\$28,903,924	\$66,623,924	\$6,697,283	\$2,740,000	\$3,279,825	\$6,019,825	\$65,946,466
2016	39,460,000	27,384,056	66,844,056	13,876,453	7,615,000	4,521,700	12,136,700	65,104,304
2017	41,845,000	25,957,771	67,802,771	24,571,453	18,690,000	4,140,950	22,830,950	66,062,269
2018	43,105,000	24,624,471	67,729,471	12,809,953	7,860,000	3,206,450	11,066,450	65,985,969
2019	41,870,000	23,432,876	65,302,876	12,828,153	8,275,000	2,813,450	11,088,450	63,563,174
2020	43,310,000	22,255,299	65,565,299	12,845,398	8,705,000	2,399,700	11,104,700	63,824,601
2021	45,495,000	20,977,212	66,472,212	13,720,338	9,720,000	1,964,450	11,684,450	64,436,324
2022	46,950,000	19,650,393	66,600,393	13,390,888	9,880,000	1,478,450	11,358,450	64,567,955
2023	48,655,000	18,237,541	66,892,541	13,001,713	9,980,000	984,450	10,964,450	64,855,278
2024	50,255,000	16,727,326	66,982,326	9,129,863	6,605,000	485,450	7,090,450	64,942,913
2025	52,150,000	15,144,214	67,294,214	1,345,633	715,000	155,200	870,200	66,818,781
2026	54,165,000	13,440,766	67,605,766	1,342,943	745,000	126,600	871,600	67,134,424
2027	56,280,000	11,635,300	67,915,300	1,337,750	770,000	96,800	866,800	67,444,350
2028	58,805,000	9,737,851	68,542,851	1,340,000	805,000	66,000	871,000	68,073,851
2029	55,875,000	7,754,955	63,629,955	1,349,250	845,000	33,800	878,800	63,159,505
2030	57,900,000	6,020,067	63,920,067					63,920,067
2031	59,640,000	4,213,111	63,853,111					63,853,111
2032	61,015,000	2,429,329	63,444,329					63,444,329
2033	12,570,000	628,843	13,198,843					13,198,843
2034	4,705,000	182,528	4,887,528					4,887,528
2035	5,000	1,425	6,425					6,425
2036	5,000	1,270	6,270					6,270
2037	5,000	1,115	6,115					6,115
2038	5,000	960	5,960					5,960
2039	5,000	805	5,805					5,805
2040	5,000	650	5,650					5,650
2041	5,000	488	5,488					5,488
2042	5,000	325	5,325					5,325
2043	5,000	163	5,163					5,163
	<u>\$911,815,000</u>	<u>\$299,345,027</u>	<u>\$1,211,160,027</u>	<u>\$139,587,065</u>	<u>\$93,950,000</u>	<u>\$25,753,275</u>	<u>\$119,703,275</u>	<u>\$1,191,276,237</u>

(1) Outstanding Principal by Series as of October 1, 2014:

Series	Amount
2004	\$104,955,000 ⁽²⁾
2005	9,525,000 ⁽²⁾
2007	115,490,000
2008	89,975,000
Refunding 2008	15,705,000
2009	86,760,000
2010	105,525,000
2010A	126,005,000
2011	37,970,000
2011A	107,020,000
2012	71,840,000
<u>2013</u>	<u>41,045,000</u>
Total	\$911,815,000

* Does not include debt service on the ECP Bonds. As of the date hereof, no ECP Bonds are outstanding.

(2) See Schedule I.

SELECTED CONTRACT PROVISIONS

Following is a summary of certain provisions of the Contracts. Certain provisions, including dates and other time references discussed below, are as expressly specified in the Contracts and have not been revised to reflect more recent dates or time periods. Certain provisions may differ slightly between Contracts in order to suit each Contracting Party's particular needs. Reference is hereby made to the full and complete Contracts. For additional information, copies of the Contracts are available upon request from the Financial Advisor.

The Contracts will remain in force and effect from their date, and thereafter until any Outstanding Bonds and Bonds, as defined in each Contract have been paid in full.

Parties and Terms

The Authority has entered into contracts with the following Contracting Parties (the "Contracts"), with the effective date of each contract being as designated below:

Contracting Parties	Effective Date	Contracting Parties	Effective Date
Town of Addison	10-24-90	City of Fort Worth	10-10-73
City of Arlington	10-10-73	City of Grand Prairie	10-10-73
City of Bedford	10-10-73	City of Grapevine	1-22-75
City of Carrollton	10-10-73	City of Hurst	5-28-75
City of Cedar Hill	10-23-85	City of Irving	10-10-73
City of Colleyville	5-28-75	City of Keller	6-27-84
City of Coppell	2-1-76	City of Mansfield	8-23-74
City of Dallas	10-8-73	City of North Richland Hills	5-28-75
City of Duncanville	6-27-84	City of Southlake	2-25-87
City of Euless	10-10-73	D-FW International Airport Board	8-9-73
City of Farmers Branch	8-30-73		

Certain Definitions

Certain terms and expressions used in the fiscal provisions of each of the contracts are substantially as set forth below:

"Additional Contracting Party" means any party not defined as a Contracting Party with whom Authority makes a contract for receiving, transporting, treating, and disposing of wastewater through the System.

"Adjusted Annual Payment" means the Annual Payment, as adjusted due to service to Additional Contracting Parties and/or as required during or after each Fiscal Year.

"Annual Payment" means the amount of money to be paid to the Authority by the Contracting Parties as their proportionate share of the Annual Requirement.

"Annual Requirement" means the total amount of money required for Authority to pay all Operation and Maintenance Expenses of the System and to pay the debt service on its Bonds and Outstanding Bonds, and to pay any amounts required to be deposited in any special or reserve funds required to be established and/or maintained by the provisions of the Bond Resolution, and in resolutions authorizing Outstanding Bonds.

"Bond Resolution" means any resolution of the Board of Directors of the Authority authorizing the issuance of Bonds and providing for their security and payment, as such resolution(s) may be amended from time to time as therein permitted.

"Bonds" means any bonds to be issued by the Authority pursuant to the Contract and other contracts with the Contracting Parties and Additional Contracting Parties for the acquisition, construction, expansion, improvement, or completion of the System, whether one or more issues, or any bonds issued to refund same, or to refund such refunding bonds.

“Contracting Party” or “Contracting Parties” means one or more of the following: the Town of Addison, the cities of Arlington, Bedford, Carrollton, Cedar Hill, Colleyville, Coppell, Dallas, Duncanville, Euless, Farmers Branch, Fort Worth, Grand Prairie, Grapevine, Hurst, Irving, Keller, Mansfield, North Richland Hills, Southlake, and the Dallas/Fort Worth International Airport Board.

“Fiscal Year” means the twelve (12) month period beginning December 1 of each year and applies only to Authority, or such other twelve (12) month period as may be established in the future to constitute Authority’s Fiscal Year.

“Month” means calendar month.

“Operation and Maintenance Expense” means all costs of operation and maintenance of the Authority’s System including, but not limited to, repairs and replacements for which no special fund is created in the Bond Resolution, the cost of utilities, supervision, engineering, accounting, auditing, legal services, and any other supplies, services, administrative costs, insurance and equipment necessary for proper operation and maintenance of the Authority’s System, and payments made by the Authority in satisfaction of judgments resulting from claims not covered by Authority’s insurance or not, paid by one particular Contracting Party or Additional Contracting Party arising in connection with the operation and maintenance of the System. The term also includes the fees of the bank or banks where the Outstanding Bonds and the Bonds are payable. Depreciation shall not be considered an item of Operation and Maintenance Expense.

“Outstanding Bonds” means all Bonds issued by the Authority prior to the date of the respective Contracts to provide funds for construction, enlargement, extension, and improvement of the System which are outstanding on the date of the Contracts.

Fiscal Provisions of the Contracts

The fiscal provisions for each of the contracts are substantially as follows:

Financing. The Authority will pay for the cost of construction of the improvements contemplated in the Contract, and will issue its Bonds, from time to time, in amounts necessary which, together with other available funds, will be sufficient to accomplish such construction.

Annual Requirement. It is acknowledged and agreed that payments to be made under the Contract and similar contracts with other Contracting Parties and Additional Contracting Parties will be the only source available to the Authority to provide the Annual Requirement; and that the Authority has a statutory duty to establish and from time to time to revise the charges for services to be rendered and made available to Contracting Party hereunder so that the Annual Requirement shall at all times be not less than an amount sufficient to pay or provide for the payment of:

- (a) the net amount paid or payable for all Operation and Maintenance Expenses;
- (b) the principal of and the interest on Outstanding Bonds and Bonds, as such principal and interest becomes due, less interest to be paid out of Bond proceeds as permitted by the Bond Resolution and less any other funds on hand for payment of principal and interest on the Bonds and Outstanding Bonds;
- (c) during each Fiscal Year, the proportionate part of any special or reserve funds required to be established and/or maintained by the provisions of the Bond Resolution and/or any resolution authorizing the Bonds or Outstanding Bonds; and
- (d) an amount in addition thereto sufficient to restore any deficiency in any of such funds or accounts required to be accumulated and maintained by the provisions of the Bond Resolution and/or any resolution authorizing the Bonds or Outstanding Bonds.

Payments by Contracting Party.

(a) For services to be rendered to the Contracting Party by the Authority under the Contract, the Contracting Party agrees to pay, at the time and in the manner hereinafter provided, its proportionate share of the Annual Requirement, which shall be determined as follows and shall constitute the Contracting Party’s Annual Payment:

For each Fiscal Year the Contracting Party's proportionate share of the Annual Requirement shall be a percentage obtained by dividing Contracting Party's estimated annual contributing flow to the System by the total estimated annual contributing flow to the System by all Contracting Parties, and by multiplying such percentage times the Annual Requirement. The resulting amount shall constitute the Contracting Party's Annual Payment for such Fiscal Year.

The following tabulation was applied for Fiscal Year 2013. Each Contracting Party's Annual Payment for the Fiscal Year 2013 was calculated by multiplying said Contracting Party's percentage from the following tabulation times the Annual Requirement.

Contracting Party	2013 Annual Contributing Flow (million gallons)	Percentage of Total
Addison	519.103	1.140%
Arlington	12,802.156	28.123%
Bedford	1,550.885	3.407%
Carrollton	3,695.589	8.118%
Cedar Hill	221.595	0.487%
Colleyville	853.133	1.874%
Coppell	1,205.391	2.648%
D/FW Airport	427.970	0.940%
Dallas	2,333.449	5.126%
Duncanville	33.405	0.073%
Euless	1,224.283	2.689%
Farmers Branch	1,139.994	2.504%
Fort Worth	1,602.894	3.521%
Grand Prairie	5,186.504	11.394%
Grapevine	460.510	1.012%
Hurst	95.820	0.210%
Irving	8,122.929	17.844%
Keller	975.192	2.142%
Mansfield	2,075.908	4.560%
N. Richland Hills	256.259	0.563%
Southlake	738.479	1.622%
	45,521.448	100.000%

The Contracting Party's Annual Payment shall be made to Authority in equal monthly installments for each Fiscal Year. Such payments shall be made in accordance with and at the times set forth in a schedule of payments for each Fiscal Year which will be supplied to the Contracting Party. At the close of each Fiscal Year, the Authority shall redetermine Contracting Party's percentage by dividing Contracting Party's actual metered contributing flow to the System by the total actual metered contributing flow to the System by all Contracting Parties. The Contracting Party's Adjusted Annual Payment shall be calculated by multiplying the Contracting Party's redetermined percentage times the Annual Requirement. The difference between the Adjusted Annual Payment and the Annual Payment, if any, when determined, shall be applied as a credit or a debit to the Contracting Party's account with the Authority and shall be credited or debited to the Contracting Party's next subsequent monthly payment or payments for the next Fiscal Year.

(b) If, during any Fiscal Year, Authority begins providing services to an Additional Contracting Party or Parties, Contracting Party's Annual Payment for such Fiscal Year shall be redetermined in the following manner:

(i) Such Additional Contracting Party or Parties estimated contributing flow to the System for such year, or portion thereof, shall be determined by Authority;

(ii) The Contracting Party's proportionate share of the Annual Requirement shall be a percentage, redetermined by dividing the Contracting Party's estimated annual contributing flow to the System by the total estimated annual contributing flow to the System by all Contracting Parties, including that estimated for the Additional Contracting Party or Parties for the remaining portion of such Fiscal Year;

(iii) The Authority shall redetermine the Annual Requirement, taking into consideration any coats incurred on account of the Additional Contracting Party or Parties;

(iv) The Contracting Party's Annual Payment shall be redetermined by multiplying the Contracting Party's redetermined percentage times the redetermined Annual Requirement.

(c) The Contracting Party's Annual Payment shall be redetermined, in the manner set out above, at any time during any Fiscal Year if:

(i) Additions, enlargements or improvements to the System are constructed by the Authority to provide continuing service which in turn requires a redetermination of the Annual Requirement; or

(ii) Unusual or extraordinary expenditures for operation and maintenance are required which are not provided for in the Annual Budget or in the Bond Resolution; or

(iii) The Contracting Party's contributing flow to the System, after the beginning of the Fiscal Year, is estimated to be substantially different from that on which Annual Payments are based as determined by the Authority, to the extent that such difference in flow will substantially affect the Contracting Party's Budget, and consequently Contracting Party's Annual Payment to the Authority.

(d) The Annual Payment set forth in this section shall be considered the Basic Charge for service hereunder, and Contracting Party shall pay a surcharge for excess BOD (Biochemical Oxygen Demand) and/or SS (Suspended Solids) determined in the manner set forth in Section 4.05 of the Contract.¹

(e) Recognizing that the Authority will use payments received from the Contracting Party to pay, secure and finance the issuance of the Bonds and to pay Outstanding Bonds, it is agreed that upon the effective date of the Contract, the Contracting Party shall be unconditionally obligated to pay its proportionate share of the Annual Requirements, regardless of whether or not the Authority is actually receiving wastewater under the Contract, or whether or not the Contracting Party actually discharges wastewater under the Contract, whether due to Force Majeure or otherwise. In such event, the amount due shall be a percentage of the Annual Requirements for the period of such failure of service under the Contract. Such percentage shall be determined by dividing the amount of wastewater actually discharged into the System by the Contracting Party in the month preceding cessation of service under the Contract by the total amount of wastewater discharged into the System by all Contracting Parties and Additional Contracting Parties for the same period.²

(f) On or before February 1 or August 1 of each year (depending upon the Contracting Party involved) the Authority will furnish the Contracting Party with an estimated schedule of monthly payments to be made by the Contracting Party for the ensuing Fiscal Year. On or before November 1 of each year, the Authority shall furnish the Contracting Party with a finalized schedule of the monthly payments to be made by such Contracting Party to the Authority for the ensuing Fiscal Year. The Contracting Party hereby agrees that it will make such payments to the Authority on or before the 10th day of each month of such Fiscal Year. If the Contracting Party at any time disputes the amount to be paid by it to the Authority, the Contracting Party shall nevertheless promptly make the payment or payments determined by the Authority, and, if it is subsequently determined by agreement, arbitration or court decision that such disputed payments made by the Contracting Party should have been less, the Authority shall promptly revise and reallocate the charges among all parties then being served by the Authority in such Contracting Party will recover its overpayment. In the event the Contracting Party is assessed a surcharge for excess BOD and/or SS, the Authority will bill the Contracting Party for such surcharge on or before the fifth (5th) day of the month following the determination of the surcharge and the Contracting Party shall pay such surcharge on or before the tenth (10th) day of the month of receipt of any such bill. Any such surcharge collected by the Authority shall be applied by the Authority against the total cost of Operation and Maintenance Expense of the System.

¹ As to Cedar Hill, Southlake and Addison, additional surcharges are payable or will be payable to be used to offset previous capital costs in effect paid by other Contracting Parties. The surcharges will be applied at the end of the Fiscal Year as a credit to the amount of the Annual Requirement that would otherwise be payable during the ensuing Fiscal Year by the other Contracting Parties.

² As to certain Contracts this provision is replaced by a provision in which the Contracting Party agrees that upon the effective date of the Contract it should be unconditionally obligated to pay its proportionate share of the Annual Requirements and its applicable surcharge payment.

(g) If the Contracting Party's Annual Payment is redetermined as provided in the Contract, the Authority will promptly furnish the Contracting Party with an updated schedule of monthly payments reflecting such redetermination.

(h) All interest income earned by the investment of any Funds created in the Bond Resolution shall be taken into account in determining the Annual Requirement.

Obligations of Contracting Party. The Authority shall never have the right to demand payment by the Contracting Party of any obligation assumed or imposed on it under and by virtue of the Contract from funds raised or to be raised by taxation, it being expressly understood by the parties hereto that all payments due by the Contracting Party under the Contract are to be made from the revenues and income received by the Contracting Party from its waterworks and sanitary sewer systems, as authorized by Section 402.023, Texas Local Government Code, or Chapter 30, Texas Water Code.¹

Payments to Constitute Operating Expenses by Contracting Party. The Contracting Party represents and covenants that the services to be obtained pursuant to the Contract are essential and necessary to the operation of the Contracting Party and its Local Wastewater Facilities, and that all payments to be made under the Contract by it will constitute reasonable and necessary "operating expenses" of the Contracting Party's waterworks and sanitary sewer system, within the meaning of Chapter 1502, Texas Government Code, as amended, and the provisions of all Ordinances authorizing the issuance of all revenue bond issues of the Contracting Party which are payable from revenues of each Contracting Party's waterworks and sewer system.

Contracting Party to Establish Adequate Rates. Contracting Party agrees to establish and collect such rates and charges for Waterworks and Sanitary Sewer System services to be supplied by its Waterworks and Sanitary Sewer System as will make possible the prompt payment of all expenses of operating and maintaining its Waterworks and Sanitary Sewer System, including all payments contracted hereunder, and the prompt payment of the principal of and interest on its obligations, if any, payable from the revenues of its Waterworks and Sanitary Sewer System (in the case of the Airport Board, payable from the revenues of the Airport).

Use of Revenues of System. All revenues received from any source whatsoever by Authority by reason of its ownership of this System shall, to the extent permitted by law, be credited to the funds of the System as established in the Bond Resolutions. To the extent permitted by law, if the Authority receives income from the use of treated Wastewater, prior to its discharge into a public stream of the State of Texas, the Authority will apply said income against the Operating and Maintenance Expense of the System. Provided, that revenues received by Authority from the Dallas-Fort Worth International Airport Board under contract dated July 16, 1971, as amended, and any revenues received under contracts, the revenues from which are pledged to the payment of special facility bonds, as permitted in the Bond Resolutions, shall not be credited to said funds of the System and will not be a part of the pledge of revenues for payment of the Bonds. Neither shall any revenues received by the Authority under contracts where the Authority is acting as a signatory to the Texas Water Pollution Control Compact be included as a part of the pledge of revenues for payment of the Bonds. No funds derived from the Contracting Parties shall ever be used for the benefit of any project the revenues of which have been excluded from the pledge for payment of the Bonds hereunder or which may be so excluded in the future.

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¹ As to Dallas-Fort Worth International Airport Board, the payments made to the Authority constitute an operation and maintenance expense of the Airport, payable from the revenues and income received by the Airport Board from payments made to it by the airlines served by the Airport and any other funds available to it for the payment of operating expenses.

SELECTED PROVISIONS OF THE RESOLUTION

The following are selected provisions of the Bond Resolution. The excerpts should be qualified by reference to the exact terms of the Bond Resolution. Unless otherwise indicated, any references to sections listed below are to sections contained in the Bond Resolution and Section and Article headings contained in the following excerpts are to Sections and Articles contained in the Bond Resolution.

ARTICLE I

DEFINITIONS OF TERMS

Section 1.01. DEFINITIONS OF TERMS. In each place throughout this Resolution wherein the following terms, or any of them, are used, the same, unless the context shall indicate another or different meaning or intent, shall be construed and are intended to have meanings as follows:

- (a) "Act" means Chapter 518, Acts of the 54th Texas Legislature, Regular Session, 1955, as amended.
- (b) "Airport Board" means the Board of Directors of the Dallas-Fort Worth International Airport (formerly known as the Dallas-Fort Worth Regional Airport).
- (c) "Authority" or "Issuer" means Trinity River Authority of Texas and any other public body or agency at any time succeeding to the property and principal rights, power, and obligations of said Issuer.
- (d) "Board of Issuer" or "Board" means the Board of Directors of the Issuer.
- (e) "Bond" or "Bonds" means the bonds authorized by this Resolution.
- (f) "Certified Public Accountant" means any certified public accountants of suitable experience and qualifications not regularly in the employ of the Issuer, selected by the Issuer.
- (g) "Cities" means the Town of Addison and the Cities of Arlington, Bedford, Carrollton, Cedar Hill, Colleyville, Coppell, Dallas, Duncanville, Euless, Farmers Branch, Fort Worth, Grand Prairie, Grapevine, Hurst, Irving, Keller, Mansfield, North Richland Hills, Southlake, and other municipalities the Issuer may contract with in the future to provide service from the System.
- (h) "Code" means the United States Internal Revenue Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto.
- (i) "Contracting Parties" means the Cities and the Airport Board, and other parties the Issuer may contract with in the future to provide service from the System.
- (j) "Contracts" means the contracts between the Issuer and the Contracting Parties with respect to the services of the System.
- (k) "Depository" means the bank or banks which the Issuer selects (whether one or more), in accordance with law, as its depository.
- (l) "Engineering Report" means a report of Forrest and Cotton, Inc., Consulting Engineers, entitled Regional Wastewater System, dated December, 1971, as such report may be amended, modified, and changed by Issuer or at its direction at any time prior to the execution of construction contracts for improvements, additions, and enlargements to the System or as modified and changed by change orders issued after execution of such construction contracts.
- (m) "Fiscal Year" means the twelve month period beginning December 1 of each year, or such other twelve month period as may in the future be designated as the Fiscal Year of Issuer.
- (n) "Independent Consulting Engineer" means the Engineer or engineering firm or corporation at the time employed by the Issuer as originally described under the provisions of Section 5.13 of the 1973 Bond Resolution.

(o) "Outstanding Parity Bonds" means the Issuer's unpaid and unrefunded "Regional Wastewater System Revenue Bonds, Series 2004" (the "Series 2004 Bonds"), "Regional Wastewater System Revenue Bonds, Series 2005" (the "Series 2005 Bonds"), "Regional Wastewater System Revenue Bonds, Series 2007" (the "Series 2007 Bonds"), "Regional Wastewater System Revenue Bonds, Series 2008" (the "Series 2008 Bonds"), "Regional Wastewater System Revenue Refunding Bonds, Series 2008" (the "Series 2008 Refunding Bonds"), "Regional Wastewater System Revenue Bonds, Series 2009" (the "Series 2009 Bonds"), "Regional Wastewater System Revenue Bonds, Series 2010" (the "Series 2010 Bonds"), "Regional Wastewater System Revenue Bonds, Series 2010A" (the "Series 2010A Bonds"), "Regional Wastewater System Revenue Refunding Bonds, Series 2011" (the "Series 2011 Refunding Bonds"), "Regional Wastewater System Revenue Bonds, Series 2011A" (the "Series 2011A Bonds"), "Regional Wastewater System Revenue Bonds, Series 2012" (the "Series 2012 Bonds") and "Regional Wastewater System Revenue Improvement and Refunding Bonds, Series 2013" (the "Series 2013 Bonds").

(p) "Outstanding Parity Bond Resolution" or "Outstanding Parity Bond Resolutions" means, individually or collectively, as appropriate, the bond resolutions of the Issuer authorizing the issuance of Outstanding Parity Bonds.

(q) "Paying Agent/Registrar" means The Bank of New York Mellon Trust Company, National Association, Dallas, Texas, or its successor.

(r) "Resolution" means this resolution and any amendments hereto.

(s) "System" means all of the Issuer's facilities for receiving, transporting, treating, and disposing of wastewater generally in the area described in the Engineering Report, together with any improvements, enlargements, or additions to said facilities and any extensions or replacements of said facilities constructed or otherwise incorporated into said facilities in the future. Said terms shall include only those facilities which are used for, constructed, or acquired, or the use of which is arranged for, by the Issuer to afford service to the Cities, the Airport Board and others who can economically and efficiently be served by said System. Said term does not include Issuer's facilities located within the boundaries of the Dallas-Fort Worth International Airport and defined as the "System" in the contract between Issuer and the Airport Board dated July 16, 1971, as amended, Local Wastewater Facilities, any facilities constructed or acquired with proceeds of Special Project Bonds, as originally defined in the 1973 Bond Resolution, or obtained by Issuer acting as a signatory to the State of Texas Water Pollution Control Compact, or any of the facilities designated as Issuer's Ten Mile Creek System, or Walker-Calloway Project, or any other facilities of the Issuer the revenues from which are not pledged to the payment of the Bonds or Additional Bonds.

(t) "1973 Bond Resolution" means, as amended, the resolution which authorized the Series 1973 Bonds.

ARTICLE III

ADOPTION OF PROVISIONS OF THE 1973 BOND RESOLUTION AND PLEDGE

Section 3.01. ADOPTION OF PROVISIONS OF THE 1973 BOND RESOLUTION. Articles III through IX of the 1973 Bond Resolution are hereby adopted and made a part hereof and shall be applicable to the Bonds herein authorized except as altered or supplemented hereby.

Section 3.02. PARITY BONDS. The Bonds authorized herein are parity "Additional Bonds" permitted to be issued by the Outstanding Parity Bond Resolutions, are and shall be on a parity and of equal dignity in all respects, and are and shall be payable from and secured by a first lien on and pledge of the Net Revenues of the Issuer under the Contracts.

Section 3.03. PLEDGE. (a) The Contracts provide for the payment by the Cities and the Airport Board to the Issuer of (i) the net amount of all Operation and Maintenance Expenses, (ii) the amount necessary to pay all the principal and/or interest coming due on the Issuer's Bonds, as defined in the Contracts and in this Resolution, on each principal and/or interest payment date as provided in this Resolution, (iii) during each Fiscal Year, the proportionate part of any special or reserve funds required to be established and/or maintained by the provisions of any Bond Resolution, as defined in the Contracts, and (iv) an amount in addition thereto sufficient to restore any

deficiency in any of such funds or accounts required to be accumulated and maintained by the provisions of any Bond Resolution, as defined in the Contracts.

The term "Net Revenues" as used in this Resolution shall mean and be defined as all of the gross revenues or payments received by the Issuer from the Cities and the Airport Board under the Contracts after deducting therefrom the amounts paid to the Issuer for the purpose of paying Operation and Maintenance Expenses, with the result that the Net Revenues shall consist of the amounts necessary to pay all principal and/or interest coming due on the Bonds and the Outstanding Parity Bonds, on each principal and/or interest payment date, and any amounts payable under (iii) and (iv) above. The Bonds, and the Outstanding Parity Bonds, and the interest thereon are and shall be payable from and secured by an irrevocable first lien on and pledge of said Net Revenues, and said Net Revenues are further pledged irrevocably to the establishment and maintenance of the Interest and Sinking Fund, the Reserve Fund, and the Emergency Fund.

(b) Chapter 1208, Government Code, applies to the issuance of the Bonds and the pledge of the revenues granted by the Issuer under this section, and is therefore valid, effective, and perfected. If Texas law is amended at any time while the Bonds are outstanding and unpaid such that the pledge of the revenues granted by the Issuer under this section is to be subject to the filing requirements of Chapter 9, Business & Commerce Code, then in order to preserve to the registered owners of the Bonds the perfection of the security interest in said pledge, the Issuer agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Business & Commerce Code and enable a filing to perfect the security interest in said pledge to occur.

ARTICLE IV

INTEREST AND SINKING FUND; RESERVE FUND; AND EMERGENCY FUND

Section 4.01. INTEREST AND SINKING FUND. In addition to the amounts required to be deposited into the Interest and Sinking Fund by the Outstanding Parity Bond Resolutions, there shall be deposited into the Interest and Sinking Fund the following:

(a) immediately after the delivery of the Bonds, there shall be deposited to the credit of the Interest and Sinking Fund any accrued interest received from the sale of the Bonds; and

(b) semiannually on or before each January 25th and each July 25th hereafter, an amount sufficient, together with other amounts, if any, then on hand therein and available for such purpose, to pay the interest and/or principal and interest coming due on the Bonds on the next succeeding interest payment date.

Section 4.02. RESERVE FUND. There is now on deposit in the Reserve Fund created by the 1973 Bond Resolution an amount of money and investments in market value at least equal to the average annual principal and interest requirements of the Outstanding Parity Bonds. Immediately after the delivery of the Bonds, if required, there shall be deposited into said Reserve Fund from the proceeds from the sale of the Bonds, an amount which, together with the amount now contained therein, will cause said Reserve Fund to contain an amount of money and investments in market value equal to the average annual principal and interest requirements of the Outstanding Parity Bonds and the Bonds, being all of the bonds which will be outstanding and payable from a first lien on the Net Revenues after the delivery of the Bonds (the "Reserve Required Amount"). Until and unless Additional Bonds are hereafter issued as permitted in the Outstanding Parity Bond Resolutions and this Resolution, no deposits shall be made into the Reserve Fund as long as the money and investments in the Reserve Fund are at least equal in market value to the Reserve Required Amount. However, if and whenever the amount of money and investments in the Reserve Fund is reduced below said Reserve Required Amount because of a decrease in market value of investments, then the Issuer shall restore the Reserve Fund to the Reserve Required Amount from the Emergency Fund and/or the Research and Development Fund created by the 1973 Bond Resolution to the extent of amounts available therein, and if such amounts are insufficient, then the Issuer shall require the Contracting Parties to increase their payments under the Contracts as soon as practicable, and in any event within one year, in an amount sufficient to restore the Reserve Fund to the Reserve Required Amount. In the event the Reserve Fund is used to pay the principal of or interest on any bonds because of insufficient amounts being available in the Interest and Sinking Fund, then the Issuer shall restore the Reserve Fund to the Reserve Required Amount from the Emergency Fund and/or the Research and Development Fund to the extent of amounts available therein, and if such amounts are insufficient, then the Issuer shall require the Contracting Parties to increase their payments under the Contracts in an

amount sufficient to restore the Reserve Fund to the Reserve Required Amount, and the Issuer shall deposit in the Reserve Fund, in approximately equal periodic payments, not less than annual, such amounts as are required to restore the Reserve Fund to the Reserve Required Amount from said increased payments within five years from any date of the use of the Reserve Fund to pay such principal or interest. So long as the Reserve Fund contains the Reserve Required Amount, all amounts in excess thereof shall be deposited to the credit of the Claims Fund, the Emergency Fund, and the Research and Development Fund, to the extent required by Section 3.13 of the 1973 Bond Resolution, and with the remainder to be deposited to the credit of the Interest and Sinking Fund.

Section 4.03. EMERGENCY FUND. There is now on hand in the Emergency Fund created by the 1973 Bond Resolution an amount equal to at least \$1,000,000 (the "Required Emergency Amount"). No deposits are required to be made to the credit of the Emergency Fund so long as it contains the Required Emergency Amount. If the Required Emergency Amount is reduced below \$1,000,000 the Issuer shall require the Contracting Parties to increase their payments under the Contracts in amounts sufficient to restore the Emergency Fund to the Required Emergency Amount as soon as practicable, and in all events by the end of the next following Issuer fiscal year.

ARTICLE V

BOND PROCEEDS

Section 5.01. All remaining proceeds from the sale of the Bonds after the above deposits required by ARTICLE IV have been made shall be deposited as directed by the Authorized Officer, to be used to carry out the purposes for which the Bonds have been issued.

Section 5.02. Interest earnings derived from the investment of proceeds from the sale of the Bonds (which investments shall be made as permitted by the Act), other than proceeds deposited in accordance with Sections 4.01, 4.02, and 4.03 hereof or used to refund the Refunded Bonds, shall be deposited in the Interest and Sinking Fund. It is further provided, however, that any interest earnings on bond proceeds which are required to be rebated to the United States of America pursuant to ARTICLE VII hereof in order to prevent the Bonds from being arbitrage bonds shall be so rebated and not considered as interest earnings for the purposes of this Resolution.

ARTICLE VI

BONDS ARE SPECIAL OBLIGATIONS

The Bonds authorized by this Resolution are and shall be special obligations of the Issuer, and the holder or holders thereof shall never have the right to demand payment of said obligations out of any funds raised or to be raised by the levy of taxes, or from any source other than as provided in this Resolution.

ARTICLE VII

COVENANTS REGARDING TAX-EXEMPTION

Section 7.01. The Issuer covenants to take any action necessary to assure, or refrain from any action which would adversely affect, the treatment of the Bonds as obligations described in section 103 of the Code, the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation. In furtherance thereof, the Issuer covenants as follows:

(a) to take any action to assure that no more than 10 percent of the proceeds of the Bonds (less amounts deposited to a reserve fund, if any) are used for any "private business use," as defined in section 141(b)(6) of the Code or, if more than 10 percent of the proceeds are so used, that amounts, whether or not received by the Issuer, with respect to such private business use, do not, under the terms of this Resolution or any underlying arrangement, directly or indirectly, secure or provide for the payment of more than 10 percent of the debt service on the Bonds, in contravention of section 141(b)(2) of the Code;

(b) to take any action to assure that in the event that the "private business use" described in subsection (a) hereof exceeds 5 percent of the proceeds of the Bonds (less amounts deposited into a reserve fund, if any) then the amount in excess of 5 percent is used for a "private business use" which is "related" and not "disproportionate," within the meaning of section 141(b)(3) of the Code, to the governmental use;

(c) to take any action to assure that no amount which is greater than the lesser of \$5,000,000, or 5 percent of the proceeds of the Bonds (less amounts deposited into a reserve fund, if any) is directly or indirectly used to finance loans to persons, other than state or local governmental units, in contravention of section 141(c) of the Code;

(d) to refrain from taking any action which would otherwise result in the Bonds being treated as "private activity bonds" within the meaning of section 141(b) of the Code;

(e) to refrain from taking any action that would result in the Bonds being "federally guaranteed" within the meaning of section 149(b) of the Code;

(f) to refrain from using any portion of the proceeds of the Bonds, directly or indirectly, to acquire or to replace funds which were used, directly or indirectly, to acquire investment property (as defined in section 148(b)(2) of the Code) which produces a materially higher yield over the term of the Bonds, other than investment property acquired with --

(1) proceeds of the Bonds invested for a reasonable temporary period until such proceeds are needed for the purpose for which the bonds are issued,

(2) amounts invested in a bona fide debt service fund, within the meaning of section 1.148-1(b) of the Treasury Regulations, and

(3) amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed 10 percent of the proceeds of the Bonds;

(g) to otherwise restrict the use of the proceeds of the Bonds or amounts treated as proceeds of the Bonds, as may be necessary, so that the Bonds do not otherwise contravene the requirements of section 148 of the Code (relating to arbitrage) and, to the extent applicable, section 149(d) of the Code (relating to advance refundings);

(h) to pay to the United States of America at least once during each five-year period (beginning on the date of delivery of the Bonds) an amount that is at least equal to 90 percent of the "Excess Earnings," within the meaning of section 148(f) of the Code and to pay to the United States of America, not later than 60 days after the Bonds have been paid in full, 100 percent of the amount then required to be paid as a result of Excess Earnings under section 148(f) of the Code.

In order to facilitate compliance with the above covenant (h), a "Rebate Fund" is hereby established by the Issuer for the sole benefit of the United States of America, and such Fund shall not be subject to the claim of any other person, including without limitation the bondholders. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

The Issuer understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations and, in the case of refunding bonds, transferred proceeds (if any) and proceeds of the refunded bonds expended prior to the date of issuance of the Bonds. It is the understanding of the Issuer that the covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto. In the event that regulations or rulings are hereafter promulgated which modify or expand provisions of the Code, as applicable to the Bonds, the Issuer will not be required to comply with any covenant contained herein to the extent that such modification or expansion, in the opinion of nationally recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated which impose additional requirements which are applicable to the Bonds, the Issuer agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally recognized bond counsel, to preserve the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In furtherance of such intention, the Issuer hereby authorizes and directs the General Manager of the Authority to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of the Issuer, which may be permitted by the Code as are consistent with the purpose for the issuance of the Bonds.

Section 7.02. INTEREST EARNINGS ON BOND PROCEEDS. Interest earnings derived from the investment of proceeds from the sale of the Bonds shall be used along with other bond proceeds for the purpose for which the Bonds are issued, as set forth in Section 2.01 hereof; provided that after completion of such purpose, if

any of such interest earnings remain on hand, such interest earnings shall be deposited in the Interest and Sinking Fund. It is further provided, however, that any interest earnings on bond proceeds which are required to be rebated to the United States of America pursuant to Section 7.01 hereof in order to prevent the Bonds from being arbitrage bonds shall be so rebated and not considered as interest earnings for the purposes of this Section.

Section 7.03. DISPOSITION OF PROJECT. The Issuer covenants that the property constituting the Project financed with the proceeds of the bonds refunded by the Refunded Bonds will not be sold or otherwise disposed in a transaction resulting in the receipt by the Issuer of cash or other compensation, unless the Issuer obtains an opinion of nationally-recognized bond counsel that such sale or other disposition will not adversely affect the tax-exempt status of the Bonds. For purposes of the foregoing, the portion of the property comprising personal property and disposed in the ordinary course shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes hereof, the Issuer shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

ARTICLE VIII

FURTHER PROCEDURES

Section 8.01. FURTHER PROCEDURES. The President, Vice President and Secretary of the Board of Directors of the Issuer, the General Manager and Chief Financial Officer of the Issuer and all other officers, employees and agents of the Issuer, and each of them, shall be and they are hereby expressly authorized, empowered and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge and deliver in the name and under the corporate seal and on behalf of the Issuer a Letter of Representation with DTC regarding the Book-Entry Only System, the Paying Agent/Registrar Agreement with the Paying Agent/Registrar and all other instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Resolution, the Letter of Representation, the Bonds, the sale of the Bonds and the Official Statement. Notwithstanding anything to the contrary contained herein, while the Bonds are subject to DTC's Book-Entry Only System and to the extent permitted by law, the Letter of Representation is hereby incorporated herein and its provisions shall prevail over any other provisions of this Resolution in the event of conflict. In case any officer whose signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

ARTICLE IX

CONTINUING DISCLOSURE OF INFORMATION

Section 9.01. CONTINUING DISCLOSURE OF INFORMATION. (a) As used in this Section, the following terms have the meanings ascribed to such terms below:

"MSRB" means the Municipal Securities Rulemaking Board.

"Rule" means SEC Rule 15c2-12, as amended from time to time.

"SEC" means the United States Securities and Exchange Commission.

(b) Pursuant to a Continuing Disclosure Agreement by and between the Issuer and the Contracting Parties, the Issuer and the Contracting Parties have undertaken for the benefit of the beneficial owners of the Bonds, to the extent set forth therein, to provide continuing disclosure of financial information and operating data with respect to the Contracting Parties in accordance with the Rule as promulgated by the SEC.

(c) The Issuer shall notify the MSRB, in a timely manner not in excess of ten business days after the occurrence of the event, of any of the following events with respect to the Bonds:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;

4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
7. Modifications to rights of holders of the Bonds, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Issuer;
13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
14. Appointment of a successor Paying Agent/Registrar or change in the name of the Paying Agent/Registrar, if material.

ARTICLE X

MISCELLANEOUS

Section 10.01. **EXPIRATION OF AUTHORIZATION.** The authority of the Authorized Officer to sell the Bonds as described in Section 2.02(b) of this Resolution shall expire on the one-year anniversary date of the adoption of this Resolution by the Board.

Section 10.02. **REPEAL OF CONFLICTING RESOLUTIONS.** All resolutions and all parts of any resolutions which are in conflict or inconsistent with this Resolution are hereby repealed and shall be of no further force or effect to the extent of such conflict or inconsistency.

THE AUTHORITY

The Authority's Activities

1. **Master Planning.** After a series of public hearings, the Authority adopted the original master plan in April 1958. The purpose of the Master Plan is to define and provide a course of action for the Authority to achieve water and soil conservation goals for which purpose the Authority was established by the State of Texas Legislature. The Master Plan goals can generally be described as: to improve the quality of water within the Trinity River Basin in order to provide supplies of good quality water for all beneficial purposes, conserve water and soil resources, reduce flooding, promote water oriented recreation, preserve natural areas, promote the diversity and productivity of aquatic life, and foster an understanding of the complex interrelationships among people, resources, economy and the environment in the basin. The Authority's Board of Directors reviews the status of the master plan annually and amends the master plan periodically when it is deemed necessary.

2. **Federal Projects.** By various resolutions, the Authority has agreed to serve as the local sponsor of the Navarro Mills Reservoir, Bardwell Reservoir, Joe Pool Lake and the Wallisville Salt Water Barrier Project in cooperation with local municipalities or districts that benefit from these projects.

3. **Revenue Based Projects.** The Authority, without collecting any property taxes, has implemented service projects serving cities, communities and other special districts throughout the Trinity River Basin. The majority of these funds for these projects have come from the sale of tax exempt contract service revenue bonds, service payments from customers, federal grants and long term federal loans. The Authority has responsibility for operating certain of these projects (referred to below as "Operating"). Projects referred to below as "Non-Operating" require a limited amount of Authority personnel involvement and are primarily financing arrangements with the entities. These projects and those served include:

The Authority's Revenue-Based Projects

Project Name (Operating)	Cities and Communities Serviced or to be Served
Central Regional Wastewater System	Addison, Arlington, Bedford, Carrollton, Cedar Hill, Colleyville, Coppell, Dallas, Dallas/Fort Worth International Airport Board, Duncanville, Euless, Farmers Branch, Fort Worth, Grand Prairie, Grapevine, Hurst, Irving, Keller, Mansfield, North Richland Hills, and Southlake
Ten Mile Creek Regional Wastewater System	Cedar Hill, DeSoto, Duncanville, Ferris, and Lancaster
Denton Creek Regional Wastewater System	Argyle, Circle T Municipal Utility District No. 1, Circle T Municipal Utility District No. 3, Flower Mound, Fort Worth, Haslet, Keller, Northlake, Roanoke, Southlake and Westlake.
Red Oak Creek Regional Wastewater	Cedar Hill, DeSoto, Glenn Heights, Lancaster, Ovilla, and Red Oak
Mountain Creek Regional Wastewater System	Grand Prairie, Midlothian and Venus
Tarrant County Water Supply Project	Bedford, Colleyville, Euless, Grapevine, and North Richland Hills
Huntsville Regional Water Supply System	Huntsville
Livingston Regional Water Supply System	Livingston
Trinity County Regional Water Supply System	Glendale Water Supply Corp, Groveton, Riverside Water Supply Corp, Trinity, Trinity Rural Water Supply Corp and Westwood Shores MUD.
Lake Livingston—Wallisville Project	Houston, 21 lakeside communities (and two industries)
Livingston Recreation Facilities	Serving the General Public
Project Name (Non-Operating)	Cities and Entities Served
Walker-Calloway Branches Outfall Line	Hurst and North Richland Hills
Northeast Lakeview Project	Cedar Hill, Grand Prairie
Lakeview Regional Water Supply Project	Cedar Hill, Duncanville, and Grand Prairie
Summit Regional Water Storage Project	Cedar Hill and Duncanville
Navarro Mills Reservoir	Coolidge, Corsicana, Dawson, and Hubbard (and one industry)
Bardwell Reservoir	Ennis and Ellis County WCID #1
Joe Pool Lake Project	Cedar Hill, Duncanville, Grand Prairie, and Midlothian
Ellis County Regional Water Supply Project	Cities of Ferris, Italy, Maypearl, Midlothian, Palmer and Red Oak; Ellis County WC&ID No. 1, Rockett Special Utility District, Avalon Water and Sewer Service Corporation, Boyce, Bristol, Nash-Forreston, and Buena Vista-Bethel Water Supply Corporations.
Freestone Raw Water Supply Project	Freestone Power Generation LP
Ennis Raw Water Supply Project	Ennis
Midlothian Raw Water Supply Project	Midlothian
Huntsville Wastewater Treatment Facilities	Huntsville
Denton Creek Wastewater Pressure Interceptor	Southlake

Project Name (Non-Operating)	Cities and Entities Served
Cade Branch Interceptor	Fort Worth, Keller
Denton Creek Wastewater Interceptor System (Fort Worth Project)	Fort Worth
Fort Worth Sendera Ranch Project	Fort Worth
Pollution Control Facilities	Community Waste Disposal, Inc and Texas Utilities Electric Co.
Denton Creek Wastewater Transportation Project	Argyle, Flower Mound and Northlake

The Future Role of the Authority

In recognition of the fact that the Authority does not exercise control over all facets of water resource management within the Trinity River watershed, the goals of the Authority's Basin Master Plan are objectives for the Trinity River Basin, regardless of the implementing agency.

1. Master Planning.

- a. The Authority will carefully monitor the progress being made as to each master plan goal.
- b. The Authority will support the accomplishments of all institutional and financial arrangements necessary to the achievement of the goals.
- c. The Authority will amend the master plan as needed.
- d. The Authority will continue its leadership in water quality planning in the basin.

2. Revenue-based Services. When desired by others and when an adequate revenue base and other finances are available, the Authority will exercise its powers to provide needed services in the areas of water supply, wastewater treatment, parks and recreational facilities, pollution control facilities and solid waste disposal.

3. Tributary Lakes. The revised master plan calls for the construction, as needed, of thirteen lakes on mid basin tributaries. Of these thirteen, the Authority will serve as the planning and implementing agency for eleven: Upper Keechi, Big Elkhart, Hurricane Bayou, Lower Keechi, Bedias, Nelson, Harmon, Gail, Mustang, Caney, and Long King.

4. Federal Projects. The Authority will continue to serve as local sponsor of the Navarro Mills Reservoir, Bardwell Reservoir, the Wallisville Salt Water Barrier Project and Joe Pool Lake.

5. Public Information. The Authority will continue to encourage the public's understanding of the complex interrelationships among the people, resources, economy and environment of the Trinity River Basin.

6. Tax Based Services. If there is public support, the Authority will seek to obtain some form of tax-based support for specific programs which should be implemented for comprehensive management of the basin's soil and water resources: conservation of the use of water, soil conservation, water oriented recreation and adequate public access to the river and basin lakes, greenbelts, preservation of natural areas, fish and wildlife mitigation, coordination of floodwater reservoir releases, and full dissemination of flood plain information under the Flood Insurance Act throughout the Authority's territory. At this time the Authority has no plans to pursue any form of tax based support for these programs.

7. The Authority's Territory. In order to provide services on a truly basin wide basis, the Authority will support legislation to add to its territory those parts of the basin not presently within the Authority's defined territory if this is desired by any of the involved counties.

8. Financing of Flood Control and Navigation Projects. Implementation of flood control (by whatever means) and navigation projects should be through a combination of revenues, locally provided taxes and federal funds. The Authority's support of any navigation project is based on three conditions: public support, environmental soundness and economic feasibility.

Pension Plan

The Authority has a defined contribution pension plan for its employees. All full-time and permanent part time employees are eligible for participation after six months of service, provided that they work for the Authority at least 1,000 hours per year. The Authority contributes an amount equivalent to 12% of the employee's salary annually to the plan with each employee having the option to contribute up to 10% of annual salary. An employee becomes 20% vested in the plan after three years and 100% vested in the plan after seven years, or at age 55. An employee is 100% vested in all personal contributions to the plan when made.

Other Outstanding Indebtedness of the Authority

The Authority has Outstanding Bonds which are listed below. The Outstanding Bonds are System or Project specific and payable from each of the related System's or Project's Pledged Revenues. See "Security and Source of Payment".

Total Outstanding Principal by System/Project:	Outstanding October 15, 2014*
Central Regional Wastewater System	\$ 797,335,000 ⁽¹⁾
Denton Creek Regional Wastewater Treatment System	145,040,000
Denton Creek Wastewater Interceptor(Fort Worth Project)	815,000
Denton Creek Wastewater Pressure Interceptor System	1,100,000
City of Fort Worth Water & Wastewater Transmission Contract (Sendra Ranch Project)	5,500,000
Trinity River Authority of Texas (General Improvement Project of The Authority)	5,365,175
Huntsville Regional Water Supply System	20,570,000
Livingston Regional Water Supply Project	22,510,000
Mountain Creek Regional Wastewater System	12,350,000
Northeast Lakeview Wastewater Transportation Project	13,445,000
Red Oak Creek Regional Wastewater System	54,685,000
Tarrant County Water Project	134,915,000
Ten Mile Creek Regional Wastewater System	121,725,000
Town of Flower Mound Wastewater Transportation Project	4,080,000
Trinity County Regional Water Supply System Project	975,000
SUB-TOTAL	\$ 1,340,410,175
The Bonds	\$ 93,950,000
TOTAL	\$ 1,434,360,175

* Does not include debt service on the \$175,000,000 Extendable Commercial Paper Bonds ("ECP Bonds") program which the Authority has authorized. The ECP Bonds are secured by and payable from a first lien on the Net Revenues of the System created in the resolution authorizing their issuance; provided that the pledge of Net Revenues securing the ECP Bonds is expressly made junior and subordinate to the pledge of Net Revenues securing First Lien Bonds as described herein. The ECP Bonds are and shall be secured by and payable only from the Net Revenues, from the proceeds from the sale of ECP Bonds to refinance maturing ECP Bonds (i.e., "roll") and the proceeds of Refunding Bonds to be issued by the Authority.

⁽¹⁾ Excludes the Refunded Bonds. See Schedule I.

In addition to the preceding statement of indebtedness, the Trinity River Authority has four outstanding contracts with the U. S. Army Corp of Engineers related to water rights and flood control. Contractual revenues collected annually from the entities identified next to the projects below are used to pay debt service on these contracts.

Project:	Outstanding October 15, 2014
Bardwell Reservoir (City of Ennis and Ellis Co. WCID#1)	\$ 1,300,263
Joe Pool Lake (Cities of Cedar Hill, Duncanville, Grand Prairie and Midlothian)	80,252,176 ⁽²⁾
Wallisville Lake (City of Houston)	9,148,319
TOTAL	\$ 90,700,758

⁽²⁾ As local sponsor for Joe Pool Lake, the Authority serves as a financial intermediary between parties that have contracted to purchase water from the lake and the U.S. Army Corps of Engineers (USACE), which owns and operates the lake. The three parties that have contracted with the Authority to purchase water from Joe Pool Lake are the Cities of Cedar Hill and Grand Prairie and the Midlothian Water District. The City of Grand Prairie and Midlothian Water District are currently diverting water from Joe Pool Lake, which obligates those parties to make payments to the Authority for both USACE capital costs (plus interest) associated with the project and annual operations and maintenance (O&M) expenses. The Authority in turn pays the amounts it collects from those parties to USACE. Pursuant to the Authority's USACE contract, the Authority's repayment obligations are contingent upon and proportionate to the amount of water diverted by the Authority's customers in Joe Pool Lake. The City of Cedar Hill has not initiated diversions from Joe Pool Lake, and the Authority is therefore not obligated to make debt service and O&M payments to USACE for the water contractually reserved for the City of Cedar Hill.

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TAX MATTERS

Opinion

On the date of initial delivery of the Bonds, McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Bond Counsel to the Issuer, will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof ("Existing Law"), (1) interest on the Bonds for federal income tax purposes will be excludable from the "gross income" of the holders thereof and (2) the Bonds will not be treated as "specified private activity Bonds" the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). Except as stated above, Bond Counsel to the Issuer will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Bonds. See APPENDIX D – Form of Bond Counsel's Opinion.

In rendering its opinion, Bond Counsel to the Issuer will rely upon (a) the Issuer's federal tax certificate and the report of Causey Demgen & Moore P.C. and (b) covenants of the Issuer with respect to arbitrage, the application of the proceeds to be received from the issuance and sale of the Bonds and certain other matters. Failure of the Issuer to comply with these representations or covenants could cause the interest on the Bonds to become includable in gross income retroactively to the date of issuance of the Bonds.

Bond Counsel's opinion represents its legal judgment based upon its review of Existing Law and the reliance on the aforementioned information, representations and covenants. Bond Counsel's opinion is not a guarantee of a result. The Existing Law is subject to change by the Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that such Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership or disposition of the Bonds.

A ruling was not sought from the Internal Revenue Service by the Issuer with respect to the Bonds or the Project. Bond Counsel's opinion represents its legal judgment based upon its review of Existing Law and the representations of the Issuer that it deems relevant to render such opinion and is not a guarantee of a result. No assurances can be given as to whether or not the Internal Revenue Service will commence an audit of the Bonds, or as to whether the Internal Revenue Service would agree with the opinion of Bond Counsel. If an audit is commenced, under current procedures the Internal Revenue Service is likely to treat the Issuer as the taxpayer and the Bondholders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

Federal Income Tax Accounting Treatment of Original Issue Discount

The initial public offering price to be paid for one or more maturities of the Bonds may be less than the principal amount thereof or one or more periods for the payment of interest on the Bonds may not be equal to the accrual period or be in excess of one year (the "Original Issue Discount Bonds"). In such event, the difference between (i) the "stated redemption price at maturity" of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond would constitute original issue discount. The "stated redemption price at maturity" means the sum of all payments to be made on the Bonds less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

Under Existing Law, any owner who has purchased such Original Issue Discount Bond in the initial public offering is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the accrual period. For a discussion of certain collateral federal tax consequences, see discussion set forth below.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Bond was held by such initial owner) is includable in gross income.

Under existing law, the original issue discount on each Original Issue Discount Bond is accrued daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the date of the Bonds and ratably within each such six-month period) and the

accrued amount is added to an initial owner's basis for such Original Issue Discount Bond for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (a) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Original Issue Discount Bond.

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition of Original Issue Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. All owners of Original Issue Discount Bonds should consult their own tax advisors with respect to the determination for federal, state and local income tax purposes of the treatment of interest accrued upon redemption, sale or other disposition of such Original Issue Discount Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such Original Issue Discount Bonds.

Collateral Federal Income Tax Consequences

The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Bonds. This discussion is based on existing statutes, regulations, published rulings and court decisions, all of which are subject to change or modification, retroactively.

The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, such as financial institutions, property and casualty insurance companies, life insurance companies, owners of interests in a FASIT, individual recipients of Social Security or Railroad Retirement benefits, individuals allowed an earned income credit, certain S corporations with Subchapter C earnings and profits, taxpayers qualifying for the health insurance premium assistance credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase tax-exempt obligations.

THE DISCUSSION CONTAINED HEREIN MAY NOT BE EXHAUSTIVE. INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIAL PROVISIONS OF THE CODE, SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF TAX-EXEMPT OBLIGATIONS BEFORE DETERMINING WHETHER TO PURCHASE THE Bonds.

Interest on the Bonds will be includable as an adjustment for "adjusted current earnings" to calculate the alternative minimum tax imposed on corporations by section 55 of the Code.

Interest on the Bonds may be subject to the "branch profits tax" imposed by section 884 of the Code on the effectively-connected earnings and profits of a foreign corporation doing business in the United States.

Under section 6012 of the Code, holders of tax-exempt obligations, such as the Bonds, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation.

Section 1276 of the Code provides for ordinary income tax treatment of gain recognized upon the disposition of a tax-exempt obligation, such as the Bonds, if such obligation was acquired at a "market discount" and if the fixed maturity of such obligation is equal to, or exceeds, one year from the date of issue. Such treatment applies to "market discount Bonds" to the extent such gain does not exceed the accrued market discount of such Bonds; although for this purpose, a de minimis amount of market discount is ignored. A "market discount bond" is one which is acquired by the holder at a purchase price which is less than the stated redemption price at maturity or, in the case of a bond issued at an original issue discount, the "revised issue price" (i.e., the issue price plus accrued original issue discount). The "accrued market discount" is the amount which bears the same ratio to the market discount as the number of days during which the holder holds the obligation bears to the number of days between the acquisition date and the final maturity date.

State, Local and Foreign Taxes

Investors should consult their own tax advisors concerning the tax implications of the purchase, ownership or disposition of the Bonds under applicable state or local laws. Foreign investors should also consult their own tax advisors regarding the tax consequences unique to investors who are not United States persons.

Future and Proposed Legislation

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under Federal or state law and could affect the market price or marketability of the Bonds. Any such proposal could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any such proposal being enacted cannot be predicted. Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

CONTINUING DISCLOSURE OF INFORMATION

In Continuing Disclosure Agreements entered into between the Authority and each of the Contracting Parties, each has made the following respective agreements for the benefit of the holders and beneficial owners of the Bonds. The Contracting Parties and the Authority are required to observe the agreements for so long as the Contracting Parties remain obligated to advance funds to pay the Bonds. Under the agreements, the Contracting Parties will be obligated to provide certain updated financial information and operating data annually, and the Authority and the Contracting Parties will be obligated to provide timely notice of certain specified events, to the Municipal Securities Rulemaking Board (the "MSRB").

Annual Reports

The Authority and the Contracting Parties will provide certain updated financial information and operating data to the MSRB annually. The information to be provided and updated by the Contracting Parties includes all quantitative financial information and operating data with respect to the Contracting Parties of the general type included in APPENDIX B to this Official Statement and each Contracting Party's audited financial statements, when and if available. Each of the Contracting Parties will file such information with the MSRB through its Electronic Municipal Market ("EMMA") system within six months after the end of each respective Contracting Party's fiscal year, beginning with the fiscal year ending in 2014. In addition, the Authority will file its audited financial statements with the MSRB through its EMMA system within six months after the end of the Authority's fiscal year, beginning with the fiscal year ending in 2014.

The financial information and operating data to be provided and updated by the Contracting Parties may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's Internet Web site or filed with the United States Securities and Exchange Commission (the "SEC"), as permitted by the Rule. The updated information will include audited financial statements, if the Authority and/or the Contracting Parties commission an audit and it is completed by the required time. If audited financial statements are not available by the required time, the Authority and/or each Contracting Party will provide unaudited financial statements within the required time and audited financial statements when and if such audited financial statements become available. Any such financial statements will be prepared in accordance with generally accepted accounting principles in effect at the time or that the Authority or the Contracting Parties may be required to employ from time to time pursuant to State law or regulation.

The Authority's fiscal year end is November 30 and each of the Contracting Party's fiscal year end is September 30. Accordingly, each Contracting Party must provide updated information by March 31 in each year and the Authority must provide updated information by May 31 in each year, unless any Contracting Party or the Authority, as applicable, changes its fiscal year. If any Contracting Party or the Authority change their fiscal year, such Contracting Party or the Authority, as applicable, will notify the MSRB of the change.

Disclosure Event Notices

The Authority and the Contracting Parties will provide timely notices of certain events to the MSRB. The Authority will provide notice in an electronic format as prescribed by the MSRB, in a timely manner (but not in excess of ten business days after the occurrence of the event), of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) Bond calls, if material, and tender offers; (9) defeasances;

(10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the Authority; (13) the consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of the assets of the Authority, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (14) appointment of a successor Paying Agent/Registrar or change in the name of the Paying Agent/Registrar, if material.

As used in clause (12) in the preceding paragraph, the phrase “bankruptcy, insolvency, receivership or similar event” means the appointment of a receiver, fiscal agent or similar officer for the Authority in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court of governmental authority has assumed jurisdiction over substantially all of the assets or business of the Authority, or if jurisdiction has been assumed by leaving the Board and officials or officers of the Authority in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Authority. In addition, the Contracting Parties will provide timely notice of any failure by the Contracting Parties to provide information, data, or financial statements in accordance with its agreement described above under “Annual Reports.” The Authority or the Contracting Parties will provide each notice described in this paragraph to the MSRB.

Availability of Information

The Authority and the Contracting Parties have agreed to provide the foregoing information only as described above. Investors will be able to access continuing disclosure information filed with the MSRB free of charge at www.emma.msrb.org.

Limitations and Amendments

The Authority and the Contracting Parties have agreed to update information and to provide notices of certain events only as described above. The Authority and the Contracting Parties have not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The Authority and the Contracting Parties make no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The Authority and the Contracting Parties disclaim any contractual or tort liability for damages resulting in whole or in part from any breach of their continuing disclosure agreement or from any statement made pursuant to their agreement, although holders of Bonds may seek a writ of mandamus to compel the Authority or the Contracting Parties to comply with its agreement.

The Authority or the Contracting Parties may amend their continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Contracting Parties, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or (b) any person unaffiliated with the Authority or the Contracting Parties (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. The Authority or the Contracting Parties may also amend or repeal the provisions of the continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds. If the Authority or the Contracting Parties so amend the agreement, the Contracting Parties have agreed to include with the next financial information and operating data provided in accordance with their respective agreement described above under “Annual Reports” an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

Compliance with Prior Undertakings

In its past continuing disclosure undertakings relating to its Outstanding Parity Bonds, the Authority assumed certain responsibilities and the Contracting Parties assumed certain responsibilities.

During the last five years, the Authority has complied in all material respects with all continuing disclosure undertakings made by it relating to its Outstanding Parity Bonds in accordance with the Rule, however, the Authority did not file a notice of a rating upgrade from AA+ to AAA associated with its Series 2005 and 2007 System revenue bonds that occurred in December of 2009.

During the last five years, the Contracting Parties have complied in all material respects with all continuing disclosure undertakings made by them in accordance with the Rule, however, certain of the Contracting Parties did not provide timely notice of certain rating changes related to their underlying or insured revenue or general obligation debt. The information in the preceding sentence has been included based upon information provided to the Authority from sources which the Authority believes to be reliable but the Authority has not made any independent investigation of that information.

OTHER INFORMATION

Ratings

The Bonds are rated “AAA” by Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business (“S&P”) and “AA+” by Fitch Ratings (“Fitch”). The Outstanding Parity Bonds of the Authority are rated “AAA” by S&P and “AA+” by Fitch, each without regard to credit enhancement. An explanation of the significance of such ratings may be obtained from the company furnishing the rating. The ratings reflect only the respective views of such organizations and the Authority makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by either or both of such rating companies, if in the judgment of either or both of such companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

Litigation

It is the opinion of the Authority Attorney and Authority Staff that there is no pending litigation against the Authority that would have a material adverse financial impact upon the Authority or its operations. No pending litigation against the Contracting Parties that would have a material adverse financial impact upon the Authority or its operations of the System has been brought to the attention of the Authority.

At the time of the initial delivery of the Bonds, the Authority will provide the Underwriters with a certificate to the effect that no litigation of any nature has been filed or is then pending challenging the issuance of the Bonds or that affects the payment and security of the Bonds or in any other manner questioning the issuance, sale or delivery of the Bonds.

Registration and Qualification of Bonds for Sale

The sale of the Bonds has not been registered under the Federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2); and the Bonds have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been qualified under the securities acts of any other jurisdiction. The Authority assumes no responsibility for qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

Legal Investments and Eligibility to Secure Public Funds in Texas

Section 1201.041 Texas Government Code, provides that the Bonds are negotiable instruments, investment securities governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State of Texas. With respect to investment in the Bonds by municipalities or

other political subdivisions or public agencies of the State of Texas, the Public Funds Investment Act requires that the Bonds be assigned a rating of at least "A" or its equivalent as to investment quality by a national rating agency (see "OTHER INFORMATION - Ratings" above). In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The Public Funds Collateral Act, Chapter 2257, Texas Government Code, provides that the Bonds are eligible to secure deposits of any public funds of the State of Texas, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value. No review by the Authority has been made of the laws in other states to determine whether the Bonds are legal investments for various institutions in those states.

The Authority has made no investigation of other laws, rules, regulations or investment criteria which might apply to such institutions or entities or which might limit the suitability of the Bonds for any of the foregoing purposes or limit the authority of such institutions or entities to purchase or invest in the Bonds for such purposes. The Authority has made no review of laws in other states to determine whether the Bonds are legal investments for various institutions in those states.

Legal Matters

The Authority will furnish a complete transcript of proceedings relating to the authorization and issuance of the Bonds, including the approving legal opinion of the Attorney General of Texas approving the Bonds and to the effect that the Bonds are valid and legally binding special obligations of the Authority and, based upon examination of such transcript of proceedings, the approving legal opinion of Bond Counsel, to like effect and to the effect that the interest on the Bonds will be excludable from gross income for federal income tax purposes under Section 103(a) of the Code, subject to the matters described under "TAX MATTERS" herein, including the alternative minimum tax on corporations. Though it represents the Financial Advisor and the Underwriters from time to time in matters unrelated to the issuance of the Bonds, Bond Counsel has been engaged by and only represents the Authority in the issuance of the Bonds. Bond Counsel was not requested to participate, and did not take part, in the preparation of the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify and of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information in the Official Statement under the captions "PLAN OF FINANCING" (excluding the information under the subcaption "Sources and Uses of Bond Proceeds"), "THE BONDS" (excluding the information under the subcaption "Book-Entry-Only System"), "SECURITY AND SOURCE OF PAYMENT," "SELECTED CONTRACT PROVISIONS," "SELECTED PROVISIONS OF THE RESOLUTION," "TAX MATTERS," "CONTINUING DISCLOSURE OF INFORMATION" (excluding the information under the subcaption "Compliance with Prior Undertakings"), and the subcaptions "Registration and Qualification of Bonds for Sale," "Legal Investments and Eligibility to Secure Public Funds in Texas" and "Legal Matters" (excluding the last sentence of the first paragraph thereof) under the caption "OTHER INFORMATION," and such firm is of the opinion that the information relating to the Bonds and the legal issues contained under such captions and subcaptions is an accurate and fair description of the laws and legal issues addressed therein and, with respect to the Bonds, such information conforms to the Resolution. The legal fee to be paid to Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent on the sale and delivery of the Bonds. The legal opinion will accompany the Bonds deposited with DTC or will be printed on the Bonds in the event of the discontinuance of the Book-Entry-Only System. Certain legal matters will be passed upon for the Underwriters by their counsel, Fulbright & Jaworski LLP, Dallas, Texas, a member of Norton Rose Fulbright, whose legal fee for services rendered in connection with the issuance of the Bonds is contingent on the sale and delivery of the Bonds.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of the expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

Authenticity of Financial Data and Other Information

The financial data and other information contained herein have been obtained from Authority records, audited financial statements and other sources which are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and resolutions contained in this Official Statement are made subject to all of the provisions of such statutes, documents and resolutions. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects.

Financial Advisor

First Southwest Company is employed as Financial Advisor to the Authority in connection with the issuance of the Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. First Southwest Company, in its capacity as Financial Advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies. In the normal course of business, the Financial Advisor may also from time to time sell investment securities to the Authority for the investment of bond proceeds or other funds of the Authority upon the request of the Authority.

The Financial Advisor to the Authority has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the Authority and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

Verification of Arithmetical Computations

Causey Demgen & Moore P.C., a firm of independent public accountants, will deliver to the Authority, on or before the settlement date of the Bonds, its verification report indicating that it has verified, in accordance with attestation standards established by the American Institute of Certified Public Accountants, the mathematical accuracy of the mathematical computations of (a) the adequacy of the cash and the maturing principal of and interest on the Escrow Securities, to pay, when due, the maturing principal of, interest on and related call premium requirements, if any, of the Refunded Bonds and (b) yields on the Bonds and the Escrow Securities. Such verification will be relied upon by Bond Counsel in rendering its opinion with respect to the defeasance of the Refunded Bonds and with respect to the exclusion from gross income of interest on the Bonds for federal income tax purposes.

The verification performed by Causey Demgen & Moore P.C. will be solely based upon data, information and documents provided to Causey Demgen & Moore P.C. by First Southwest Company on behalf of the Authority. Causey Demgen & Moore P.C. has restricted its procedures to recalculating the computations provided by First Southwest Company on behalf of the Authority and has not evaluated or examined the assumptions or information used in the computations.

Underwriting

Morgan Stanley & Co. LLC, as representative of the Underwriters, has agreed, subject to certain conditions, to purchase the Bonds from the Authority at a purchase price of \$109,675,852.63, which represents the par amount of the Bonds, plus a net premium of 16,222,182.10, less an Underwriters' discount of \$496,329.47, and no accrued interest. The Underwriters' obligations are subject to certain conditions precedent, and they will be obligated to purchase all of the Bonds if any of the Bonds are purchased. The Bonds may be offered and sold to certain dealers and others at prices lower than such public offering prices, and such public prices may be changed from time to time by the Underwriters.

Morgan Stanley, parent company of Morgan Stanley & Co. LLC, an underwriter of the Bonds, has entered into a retail distribution arrangement with Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Bonds.

Piper Jaffray & Co. and Pershing LLC, a subsidiary of The Bank of New York Mellon Corporation, entered into an agreement (the "Agreement") which enables Pershing LLC to distribute certain new issue municipal securities underwritten by or allocated to Piper Jaffray & Co., including the Bonds. Under the Agreement, Piper Jaffray & Co. will share with Pershing LLC a portion of the fee or commission paid to Piper.

One of the Underwriters is BOSC, Inc., which is not a bank, and the Bonds are not deposits of any bank and are not insured by the Federal Deposit Insurance Corporation.

Forward-Looking Statements Disclaimer

The statements contained in this Official Statement, and in any other information provided by the Authority that are not purely historical, are forward-looking statements, including statements regarding the Authority's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the Authority on the date hereof, and the Authority assumes no obligation to update any such forward-looking statements. The Authority's actual results could differ materially from those discussed in such forward-looking statements.

The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial, and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the Authority. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

Miscellaneous

The pricing certificate executed by an Authorized Officer of the Authority, which certificate is authorized by the Resolution authorizing the issuance of the Bonds, approved the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and authorized its further use in the reoffering of the Bonds by the Underwriters.

TRINITY RIVER AUTHORITY OF TEXAS

J. Kevin Ward
J. KEVIN WARD
General Manager

SCHEDULE I

REFUNDED BONDS

**Trinity River Authority of Texas
Regional Wastewater System Revenue Bonds, Series 2004**

<u>Original Maturity</u>	<u>Interest Rates</u>	<u>Amount Refunded</u>	<u>Redemption Date</u>	<u>Redemption Price</u>
8/1/2015	2.950%	\$2,740,000	2/1/2015	100%
8/1/2016	3.050%	10,000,000	2/1/2015	100%
8/1/2017	3.150%	21,000,000	2/1/2015	100%
8/1/2018	3.200%	9,900,000	2/1/2015	100%
8/1/2019	3.300%	10,235,000	2/1/2015	100%
8/1/2020	3.400%	10,590,000	2/1/2015	100%
8/1/2021	3.450%	10,960,000	2/1/2015	100%
8/1/2022	3.550%	11,000,000	2/1/2015	100%
8/1/2023	3.600%	11,000,000	2/1/2015	100%
8/1/2024	3.650%	7,520,000	2/1/2015	100%
8/1/2025	3.800%	5,000	2/1/2015	100%
8/1/2026	3.850%	<u>5,000</u>	2/1/2015	100%
		\$104,955,000		

**Trinity River Authority of Texas
Regional Wastewater System Revenue Bonds, Series 2005**

<u>Original Maturity</u>	<u>Interest Rates</u>	<u>Amount Refunded</u>	<u>Redemption Date</u>	<u>Redemption Price</u>
8/1/2021	4.200%	\$865,000	8/1/2015	100%
8/1/2022	4.250%	910,000	8/1/2015	100%
8/1/2023	4.300%	950,000	8/1/2015	100%
8/1/2024 ¹	5.000%	995,000	8/1/2015	100%
8/1/2025	5.000%	1,050,000	8/1/2015	100%
8/1/2026 ²	5.000%	1,100,000	8/1/2015	100%
8/1/2027	5.000%	1,155,000	8/1/2015	100%
8/1/2028 ³	5.000%	1,215,000	8/1/2015	100%
8/1/2029	5.000%	<u>1,285,000</u>	8/1/2015	100%
		\$9,525,000		

¹ Included in the term bond maturing August 1, 2025.

² Included in the term bond maturing August 1, 2027.

³ Included in the term bond maturing August 1, 2029.

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APPENDIX A

BIOGRAPHICAL INFORMATION

Board of Directors
and
Management Officers

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BOARD OF DIRECTORS

KIM C. WYATT of Corsicana, Texas (president and member, executive committee). Wyatt is president and chief executive officer of the Community National Bank & Trust of Texas. He holds a bachelor's degree from Texas A&M University and graduated from the Southwest Graduate School of Banking. He is a member of the First United Methodist Church, a member of the Corsicana Optimist Club and a member of the Independent Order of Odd Fellows. Wyatt is treasurer of the Corsicana Livestock and Agricultural Center, a board member of the Garitty Charity Association and a member of the board of the Navarro Community Foundation. He is a member of the board of Navarro Regional Hospital and a board member of Texas Healthcare Trustees. Wyatt is a former member of the planning and zoning board of the city of Corsicana, a past president of the Corsicana Area Chamber of Commerce, past president of the Navarro County United Way and past president of the Optimist Club. He is a past three-term chairman of the Navarro County Youth Exposition. He is also a past board member of Camp Fire Girls, the Navarro County Agency for Retarded Citizens and the Corsicana YMCA. Wyatt is past president of the Navarro College Booster Club and past board member and treasurer of the Navarro College Foundation. Wyatt was reappointed as director for Navarro County in 2009.

JESS A. LAIRD of Athens, Texas (vice president, member, executive committee and chairman, administration committee). Laird is chief executive officer and president of First State Bank in Athens, Texas. He serves on the boards of directors of First State Bank in Athens, the Independent Bankers Association of Texas, the Athens Economic Development Corporation and the Trinity Valley Community College Foundation. He is also treasurer of the Henderson County Salvation Army. Previously, Laird served as president of the Athens Rotary Club, as president and director of the Cain Center and as president and director of the American Heart Association. He served on the board of managers for the East Texas Medical Center, and he has served on the board of directors for the Region VII Education Service Center, the Henderson County United Way and Keep Athens Beautiful. He earned a bachelor's degree from Texas A&M University and a master's degree from the University of Texas in Tyler. Laird was reappointed as director for Henderson County in 2013.

HAROLD L. BARNARD of Waxahachie, Texas (chair, executive committee). Barnard is president and managing officer of Ellis County Abstract and Title Company Inc. In addition to being a member of the Texas Land Title Association and the Texas Association of Abstract and Title Agents, he is past president of the Waxahachie Chamber of Commerce and past director and president of the Ellis County Museum board of directors. He is a past director and president of the Waxahachie Foundation Inc. Barnard earned a bachelor's degree from the University of Texas at Arlington. He was reappointed as director for Ellis County in 2013.

CHRISTINA MELTON CRAIN of Dallas, Texas (chair, legal committee). Crain is an attorney and president of Christina Melton Crain, PC. She is a director of the State Bar of Texas and a trustee of the Dallas Bar Foundation. She is a member of the Texas Transportation Advisory Committee, the University of Texas at Austin Chancellor's Council and the College of Liberal Arts Advisory Council. Crain is an executive board member of Big Brothers Big Sisters Lone Star and co-founder of Amachi Texas, a mentoring program for children of the incarcerated. She is director of the Texas Regional Advisory Board for the National Center for Missing and Exploited Children. She is chairwoman of Dallas DOORS, a nonprofit organization serving the formerly incarcerated and their families. She is chairwoman of the Dallas County Criminal Justice Advisory Board Re-entry Council. Crain is a member of the University of Texas at Dallas Center for Vital Longevity Advisory Council and a member of Altrusa International Inc. of Downtown Dallas. Crain serves as the prison representative to the UT Southwestern Medical Center Institutional Review Board. She is director of the Oklahoma City University School of Law Executive Board as well as director of the Patriot PAWS Service Dogs Organization. Crain is past chairwoman of the Texas Board of Criminal Justice and of the Windham School District board of trustees. She is past president of the Dallas Bar Association, the Dallas Women Lawyers Association and the Dallas Association of Young Lawyers. She is a former member of the Texas Correctional Managed Healthcare Committee and an alumna of Leadership Texas and Leadership Dallas. She is a former director of the Baylor Healthcare System Foundation. Crain is a sustainer of the Junior League of Dallas and a former member of the Texas Exes Council of the University of Texas at Austin. Crain received a bachelor's degree from the University of Texas at Austin and a law degree from the Oklahoma City University School of Law. Crain was appointed as director for Dallas County in 2013.

DAVID B. LEONARD of Liberty, Texas (member, resources development committee). Leonard is the general manager and owner of Liberty-Dayton Chrysler, an auto dealership. He is a member of the Liberty-Dayton Chamber of Commerce and a member and past president of the Liberty Lions Club. Leonard is the director of the Knights of Columbus and a member of the Liberty Elks Lodge. He is past director of the Trinity Valley Exposition. He attended Lee College and was reappointed as director for Liberty County in 2013.

KEVIN MAXWELL of Crockett, Texas (chair, utility services committee). Maxwell is president of S.C. Maxwell Co. Inc., a construction, real estate and ranching business. Maxwell is a member of the Texas Wildlife Association, a member of the Sharon Temple Shriners and a 32nd degree Scottish Rite mason. He is president of the Crockett Athletic Booster Club and a member of the Houston Livestock Show and Rodeo Go Texan Committee. In the past, Maxwell has been chairman of the Crockett Area Chamber of Commerce, president of the Crockett Merchants Little League, master of the Lothrop Masonic Lodge and member of the Crockett Rotary Club. He earned a bachelor's degree from Sam Houston State University. Maxwell was reappointed as director for Houston County in 2009.

HENRY BORBOLLA III of Fort Worth, Texas (member, administration committee). Henry Borbolla is a Fort Worth native and graduate of TCU. He is a banker with BB&T - Branch Banking & Trust and provides a wide range of financing, treasury management and risk management services to business clients in the greater Tarrant County area. His community involvements include board or committee positions with Big Brothers Big Sisters, Bobby Bragan Youth Foundation, Casa Manana, Catholic Charities, Community Hospice of Texas, Fort Worth Stock Show, Tarrant County Housing Partnership, and the University of North Texas Health Science Center Foundation. Others include the Fort Worth Visitors and Convention Bureau, Downtown Design Review Board, and the Trinity River Authority. He is a member of the Rotary Club of Fort Worth and the Fort Worth Stock Show Syndicate. Borbolla was reappointed as director for Tarrant County in 2013.

SHIRLEY K. SEALE of Anahuac, Texas (chair, administration committee). Seale is a financial advisor for Edward Jones, an investments company. Seale is a member of the Chambers County Economic Development Board and a member of the West Chambers County Chamber of Commerce. She was a member of the board of directors for the Gulf Coast Waste Disposal Authority from 1997 to 2007. Seale served as a board member for the Chambers County Industrial Development Board and as fundraiser chairman for the Chambers County American Heart Association. She is a member of the Chambers County Republican Women where she served as treasurer, vice president and delegate to the State Republican Women's Association. Seale is a member of the First Baptist Church of Anahuac and has served as church treasurer for ten years. Seale is a graduate of the Southwestern Graduate School of Banking and attended Lee College, Lamar University and Bank Operations School at East Texas State University. Seale was reappointed as director for Chambers County in 2009.

WILLIAM W. COLLINS JR. of Fort Worth, Texas (member, administration committee). Collins is an attorney in private practice. He is a member of the State Bar of Texas and the Tarrant County Bar Association. He has served as chairman of the Texas Motor Vehicle Commission, as a commissioner of the Texas Commission on the Arts, and as a member of the Executive Committee of the Fort Worth Transportation Authority. Collins is a former chairman of the American Cancer Society-Fort Worth and has served as a trustee of the Modern Art Museum of Fort Worth. He is a life member of the University of Texas Alumni Association and the Tarrant County Historical Society. Collins earned a Bachelor of Business Administration degree from the McCombs School of Business at the University of Texas at Austin and a law degree from the University of Tennessee. He was appointed as director for Tarrant County in 2010.

MICHAEL CRONIN of Terrell, Texas (chairman, resources development committee). Cronin is vice chairman of the board of directors of American National Bank of Texas. He is a member of the Independent Bankers Association of Texas and the Texas Bankers Association. He is a past president of the Terrell Economic Development Corporation, the Terrell Industrial Foundation and the Terrell Chamber of Commerce. He currently serves as a director of the Kaufman County Tax Increment Financing Board. Cronin earned a bachelor's degree from the University of North Texas. He was reappointed as director for Kaufman County in 2013.

STEVE CRONIN of Shepherd, Texas (member, legal committee). Cronin is an Agricultural Science teacher at Shepherd Independent School District and the owner of Magnolia Farms Sheep Farm. He is a member of the Vocational Agricultural Teachers Association of Texas. He is secretary/treasurer and past president of the County Farm Bureau, member of National Wild Turkey Federation an SJC, Advisor of Shepherd FFA Booster Club and on the San Jacinto County Fair Association Committee. He is a San Jacinto County 4-H leader, teaches hunter education classes through the Texas Parks and Wildlife Department. Cronin served more than seven years as an agriculture field representative for the Texas Farm Bureau and more than seven years as an agriculture extension agent for the Texas A&M University System. He received a bachelor's and a master's degree from Sam Houston State University. Cronin was reappointed as director for San Jacinto County in 2011.

AMANDA B. DAVIS of Buffalo, Texas (member, administration committee). Davis is a retired school administrator in the Buffalo Independent School District and member of the Texas Association of School Administrators, Texas Association of Secondary School Principals, Texas Elementary Principals and Supervisors Association, and Texas Association of Mediators. She is also a member of the State Bar of Texas Alternative Dispute Resolution Section, Texas Mediation Trainers Roundtable and Texas Farm Bureau. Davis received a bachelor's degree from Sam Houston State University, a master's degree in educational leadership and conflict resolution from Abilene Christian University and completed her superintendent certification from the University of Texas at Tyler. She was reappointed to serve for Leon County until March 15, 2017.

VALERIE E. ERTZ of Dallas, Texas (member, utility services committee). Valerie Ertz of Dallas is owner and president of VEE Services. She is a member of the State Commission on Judicial Conduct, the Society of St. Vincent DePaul, Military Order of St. John's, the Texas Women's Initiative, and the Southern Methodist University Alumni Association. She is also a past member of the Stephen F. Austin State University Board of Regents. Ertz received a bachelor's degree from Southern Methodist University and a master's degree in management from Troy State University. Ertz was appointed as director for Dallas County in 2013.

TOMMY G. FORDYCE of Huntsville, Texas (member, legal committee). Fordyce is a retired director of the Texas Criminal Justice Agribusiness Department. He is chair of the Huntsville Economic Development Council and vice president of the Lone Survivor Foundation. He is also a member of the Texas Assistive and Rehabilitative Services Council, the Kick Start for Kids program and the Huntsville Veterans' Affairs Advisory Board. He served in the U.S. Marine Corps and is a Vietnam War veteran. Fordyce earned a bachelor's degree from Sam Houston State University. Fordyce was reappointed as director for Walker County in 2013.

RONALD J. GOLDMAN of Fort Worth, Texas (member, resources development committee). Goldman is president of Ronnie's LLC, a real estate management company, and also is director of Liberty Bancshares. Goldman is a member of the World President's Organization, the Fort Worth Airpower Council and the Texas Health Harris Methodist Foundation. Formerly, he was chairman of the Young President's Organization of West Texas and the Harris Methodist Development Board. He has served as a trustee for the Harris Methodist Health System and Harris Methodist, H.E.B. Goldman was founder, organizer and director of Summit Bancshares. He is past president of the Youth Orchestra of Greater Fort Worth and has served on the boards of the Fort Worth Symphony Orchestra, the Van Cliburn Association, the Arts Council of Fort Worth and Trinity Valley School. He is past president of the Seagram Family Association. Goldman earned a bachelor's degree from the University of Texas at Austin. He served in the Texas Army National Guard from 1965 to 1971. He was reappointed as director at large in 2009.

MARTHA A. HERNANDEZ of Burleson, Texas (member, resources development committee). Hernandez is a retired nutritionist and jailor for the Tarrant County Sheriff's Department. She is a member of Congressman Joe Barton's Advisory Committee. Hernandez is past president of the Burleson Heritage Foundation and the Burleson Garden Club. She is also past chairman of the City of Burleson Parks Board and the Burleson Public Library Board, and she served on the Tarrant County Grand Jury. Hernandez volunteered for the U.S. Secret Service detail for a national political convention and has served at election polls since 1972. Hernandez served as a board member and organizer of the Fiesta de Burleson Cinco de Mayo Celebration from 1997 to 2003. She earned a bachelor's degree from Texas Wesleyan University. Hernandez was reappointed as director for Tarrant County in 2013.

JOHN W. JENKINS of Hankamer, Texas (member, utility services committee). Jenkins is a self-employed partner in a major farming enterprise. He graduated from Southwest Texas State University in 1981 with a bachelor's degree. He is a member of the Anahuac Area Chamber of Commerce. He serves on the boards of the Anahuac National Bank, the Texas Rice Council and the American Plant Food Corporation. Jenkins is also a committee chair for the Texas Gatorfest Committee. He is a former board member of the Trinity Bay Conservation District, the Devers Canal Rice Producers Association, the Trinity Valley Exposition, the Texas Rice Festival and the Chambers County Farm Bureau. Jenkins was appointed as director for TRA's Chambers County in 1997. He was reappointed as director at large in 2009. Jenkins served as president of TRA's board of directors from 2003-2005 and as vice president from 2001-2003. He was chairman of the executive committee from 2005-2007 and chairman of the resources development committee from 2000-2002. He served as chairman of the administration committee from 2007-2009 and chairman of the legal committee from 2009-2013. Jenkins was reappointed as director at large in 2009.

DENNIS "JOE" MCCLESKEY of Apple Springs, Texas (member, utility committee). McCleskey is owner of Angelina Excavating Inc. He is secretary/treasurer of the Piney Woods Chapter of the National Wild Turkey Federation and a member of the Texas Wildlife Association, the Lufkin Host Lions Club, and the Angelina County Youth Fair Buyers Group Committee. He is also past president of the Deep East Texas Association of Builders, a former committee member of the Hudson ISD Community Involvement Advisory Board, and a past volunteer with the Angelina County Habitat for Humanity. McCleskey was appointed director for Trinity County in 2013.

JAMES W. NEALE of Dallas, Texas (member, legal committee). Neale is president and owner of Quorum Energy Company, an exploration and production company in the oil and gas business. He is chairman of the District 9 advisory council for the Dallas Independent School District and a member of the Trinity Trust Foundation. Neale served as executive assistant to Governor Bill Clements and as an executive committee member for the Dallas Blue Foundation. He served a term as foreman for the Dallas County Grand Jury in January 2005. Neale earned a bachelor's degree from the University of Texas in Austin. Neale was reappointed as director for Dallas County in 2013.

MANNY RACHAL of Livingston, Texas (member, resources development committee). Rachal is president of Shrimp Boat Manny's, an established seafood restaurant since 1985. He is a successful real estate developer in Polk and Angelina counties, creating both Rachal Properties and M&N Investments. He is a member of the Polk and Angelina County Chamber of Commerce. Rachal was previously an active member of the Lafayette, Louisiana, Jaycees and the Evangeline Area Boy Scouts Council. He attended the University of Southwestern Louisiana. Rachal was reappointed as director for Polk County in 2009.

AMIR RUPANI of Dallas, Texas (member, resources development committee). Rupani is chief executive officer and president of King Import Warehouse. He is also president and chief executive officer of Texas Prince Inc. He serves as chairman of the Greater Dallas Asian American Chamber of Commerce and on the board of directors for the World Affairs Council in Dallas/Fort Worth. Formerly, he served on the board of directors for the Dallas Convention and Visitor's Bureau, the Dallas Citizens Council, the Dallas Assembly and the Dallas Planning and Zoning Board. He is the founder, organizer and former president of One World Holding Inc. and former chairman of One World Bank. Rupani was named Businessman of the Year in 2005 by the Pakistan American Congress in Washington, D.C. He received the Pioneer Award in 2006 from the Dallas/Fort Worth Asian American Citizens Council and the Minority Business Leader Award in 2008 from the Dallas Business Journal. Under his leadership, King Import Warehouse was named Exemplary Importer/Exporter Firm of the Year in 2004 by the Minority Business Development Agency, a branch of the U.S. Department of Commerce. King Import Warehouse was named the Fastest Growing Company in Dallas by the Cox School of Business at Southern Methodist University in 2004. Rupani attended City College of Karachi in Pakistan. Rupani was reappointed as director at large in 2013.

ANA LAURA SAUCEDO of Dallas, Texas (member, utilities committee). Saucedo invests in residential property. She is a former news reporter for KLIF and KRLD radio in Dallas. Saucedo worked for the Office of Minority Business Enterprise, and the Department of Commerce and was instrumental in developing the Texas Association of Mexican American Chambers of Commerce and the U. S. Hispanic Chamber of Commerce. She spent twelve years volunteering with the Parent Teacher Association and was awarded a Life Member Honor by the Socorro Independent School District in El Paso, Texas. She was elected trustee of Socorro ISD and was appointed to the Texas Commission on Human Rights. She is currently the president of the Pike Park Preservation League and coordinates cultural and historical activities at one of the oldest parks in Dallas. Saucedo was reappointed as director for Dallas County in 2013.

DUDLEY K. SKYRME of Palestine, Texas (member, utility services committee). Skyrme is a retired sales and construction manager for United Bilt Homes, LLC, and is a volunteer of the Palestine Community Food Pantry. He served in the US Navy. Skyrme received a bachelor's degree from the University of Central Arkansas. Skyrme was appointed as director for Anderson County in 2013.

C. DWAYNE SOMERVILLE of Mexia, Texas (member, legal committee). Somerville is president and owner of Natural Alternatives, Inc., Henderson RV Sales, Palestine RV Center, Eagle Ford RV Park, South Texas Family Housing, and Wash Mart Laundry, and president of Fairfield Homes and Land, LLC. He is a member of the Coin Laundry Association, an assistant scoutmaster of the Mexia Boy Scouts of America, and a youth group leader for the First Baptist Church of Mexia. Somerville attended Kilgore College. Somerville was appointed as director for Freestone County in 2013.

J. CAROL SPILLARS of Madisonville, Texas (member, administration committee). Spillars is a file manager for Linebarger Goggan Blair & Sampson, LLP and co-owner of Spillars Family JKBar Ranch. She retired from Madisonville Consolidated Independent School District after 26 years of service. Spillars is a past member of the Texas Association of School Business Officials and the Texas Association of School Boards. She is a certified educational office professional and a certified Texas school business specialist. Spillars was reappointed as director for Madison County in 2013.

MANAGEMENT OFFICERS

J. KEVIN WARD, General Manager. Mr. Ward joined TRA in February 2011. Ward's role as chief executive officer of TRA tasks him with oversight of the largest river authority in Texas and the largest wholesale provider of wastewater treatment services in the state. With the support of seven staff groups and more than 400 employees, Ward drives the implementation of board policy for the operation and development of five water treatment facilities, five wastewater treatment facilities and one recreation project, plus water sales from four reservoirs – all serving 63 wholesale customers including cities, municipalities or districts throughout the Trinity River basin. Ward is also charged with managing the Authority's assets of more than \$1.7 billion and a current operating budget of more than \$199 million.

Ward served as executive administrator of the Texas Water Development Board from May 2002 to February 2011 and in various other capacities at that state agency from 1987 to 2002. Under the direction of a six-member board appointed by the governor, the TWDB is responsible for planning the statewide development of water resources, financing water-related infrastructure, and maintaining and disseminating natural resource data for Texas, which includes water-bearing formations and watersheds.

Ward was the presiding officer of the Water Conservation Implementation Task Force, created through Senate Bill 1094, 78th Texas Legislature, which produced the Report to the 79th Legislature and the Best Management Practices Guide to encourage increased use of water conservation throughout the state. He is the immediate past president of the Council of Infrastructure Financing Authorities and was an active participant on the State/Environmental Protection Agency State Revolving Fund workgroup several years ago for implementing the Clean and Drinking Water State Revolving Fund programs. Ward currently serves on the Visiting Committee for the Bureau of Economic Geology. He was honored in 2011 with the Water Environment Association of Texas Outstanding Public Official Award for actively promoting sound science in policy and regulations affecting water environment issues within the State of Texas through documented, significant contributions in the areas of legislation, public policy and government service.

FIONA M. ALLEN, P.E., regional manager, Northern Region. Allen joined the TRA in March 2011. Following eight years of consulting engineering experience early in her career, she joined the city of Arlington, Texas, as a water utilities civil engineer. Over her 20-year career at the city of Arlington, Allen served in various roles, including water utilities field operations manager, assistant director of utilities/operations and engineering, and assistant director of utilities/business services. She was promoted to director of utilities and subsequently, in 2005, served as interim deputy city manager over information technology, human resources, management services, finance and general services. In 2006, she was named deputy city manager/capital investment, overseeing public works, water utilities and environmental services. In 2009, she was named deputy city manager/economic development, overseeing aviation, convention center, planning and development, and the economic development office, with the duties of supervising public works and water utilities added in 2010. Allen retired from the city of Arlington in February 2013. She holds licenses as a professional engineer and a registered sanitarian, and holds TCEQ class B-distribution operator and class III wastewater system operator licenses. She is a member of the Texas A&M University civil engineering advisory council, the American Water Works Association, the Texas Water Conservation Association, and the American Society of Civil Engineers. She is a past board member of the Texas Municipal League, past president of the Texas Municipal Utilities Association, and former chairman of the Texas Water Utilities North Central Texas Regional School, and she also serves on various school and community boards. She holds a bachelor's degree from Texas A&M University.

ALISON A. MACKEY, CPA, chief financial officer. Mackey received a Bachelor of Business Administration Degree in Accounting from Texas Tech University as well as a Master of Business Administration Degree in Finance from the University of Texas at Arlington. Mackey became a Certified Public Accountant in 1985 and was employed by Hunt Energy Corp. for several years before joining the Authority in 2001 as Internal Auditor. She was promoted to Manager, Special Projects, then Executive Assistant to the General Manager, and Executive Project Manager before becoming Chief Financial Officer. She is currently serving as the Secretary of the Arlington Federal Credit Union Board of Directors. She has held various volunteer leadership positions with the Parent Teacher Association of Texas and the YMCA of Arlington where she was a Board Member. She is currently a member of the Texas Society of Certified Public Accountants, the Texas Water Conservation Association, the American Water Works Assoc. and the Water Environment Federation.

JIMMIE R. SIMS, regional manager, Southern Region. Sims received a bachelor's degree from Texas A&M University. He began working for the Trinity River Authority in 1973 at the Devers Canal System and became project manager for Lake Livingston recreation facilities in 1977. In 1983 he became project manager for the Lake Livingston utility services project and advanced to division manager of the water services division in 1985. Sims was promoted to assistant regional manager, Southern Region, in 1988 and advanced to his current position in 1996. Sims is a former member of the board of directors of the Huntsville-Walker County Chamber of Commerce. He has also served as chairman of the Huntsville Planning and Zoning Commission and is an active member of the American Water Works Association and the Texas Water Conservation Association. He has served on the board of directors of the Huntsville Boys Baseball Association and has been an active supporter of Huntsville area youth baseball programs. In addition, Sims served as the executive vice president of the Huntsville Amateur Baseball Association and was recognized as the 2007 Volunteer of the Year by that organization.

THOMAS D. SANDERS, construction services manager. Sanders received a bachelor's degree in education from the University of Texas at Austin and a bachelor's degree in civil engineering from the University of Texas at Arlington. Sanders joined TRA in 1979 as manager of administrative and technical services for the Northern Region. Later that year he was promoted to assistant regional manager, Northern Region. He was promoted to his current position in 1985. Sanders is a member of Tau Beta Pi and Chi Epsilon, both engineering honor fraternities. He is a board of trustee member for the William C. Martin United Methodist Church in Bedford. He is a past member of the church's administrative board and nominating committee, and he is a past member of the Airport Area YMCA board of directors.

GLENN C. CLINGENPEEL, Manager, Planning and Environmental Services. Mr. Clingenpeel received bachelor of arts and bachelor of science degrees in biology from the University of Texas, a master of science in environmental sciences from the University of North Texas and a master of business administration from the University of Texas at Arlington. He also possesses an associate degree in French and attended the Sorbonne University in Paris, France. Mr. Clingenpeel is a member of the Golden Key National Honor, Tri Beta Biology Honor and Beta Gamma Sigma Business Honor societies and was recognized in 2006 as an MBA All-Star by the Dallas Business Journal. He joined the Trinity River Authority in April of 1998 as the Clean Rivers Program Coordinator and was promoted to the position of Manager of Special Studies and Assessments in 2000. In December of 2005 he was promoted to the position of Executive Assistant to the General Manager. In February of 2014 Mr. Clingenpeel was promoted to the position of Senior Manager, Planning and Environmental Management before being promoted to his current position of Manager, Planning and Environmental Services. He has presented dozens of papers on water quality and quantity issues and serves on several local, state and federal committees including the North Central Texas Council of Governments' Water Resources Council, the Texas Commission on Environmental Quality's Surface Water Quality Standards Workgroup, and the EPA's Region 6 Technical Advisory Committee. Mr. Clingenpeel is active in the Water Environment Association of Texas where he serves as vice-chair for the Governmental Affairs Committee. He is a long-time board member of the Allied Federal Credit Union where he currently serves as Chair.

HOWARD S. SLOBODIN, secretary, board of directors and general counsel. Slobodin earned a bachelor's degree, graduating cum laude and Phi Beta Kappa, from the University of Oregon and a law degree, with honors, from the University of Texas School of Law. He joined the Trinity River Authority in 2008. Prior to joining TRA, Slobodin practiced environmental and water law in both the public and private sectors. He began his practice as an assistant attorney general with the natural resources division of the Texas Attorney General's Office and subsequently represented investor-owned utilities, public utilities and districts, and private landowners in matters related to water and wastewater.

DON A. TUCKER, general services manager. Tucker received a bachelor's degree from the University of Texas at Arlington and has completed extensive graduate work in the School of Urban Studies at UTA. He served in the United States Marine Corps infantry in Vietnam. Prior to joining the Trinity River Authority, Tucker served as supervisor for the claims cost control unit for the Travelers Insurance Company and as a senior underwriter for the Mortgage Guaranty Insurance Corporation. Tucker joined TRA in 1976 as director of administration and was promoted to division manager in 1978. He advanced to his current position in 1997. Tucker has an associate's degree in risk management from the Chartered Property Casualty Underwriters/American Insurance Institute. In 1996 he was selected as Safety Manager of the Year by the Texas Safety Association and currently serves on the board of directors for that organization. He is a member of the Public Risk Insurance Management Association, and the American Society of Safety Engineers. He has served as campaign chairman and/or loaned executive for the United Way for 20 years. He has also served as a member of the board of directors of the Arlington North Little League and the American Cancer Society.

APPENDIX B

**TRINITY RIVER AUTHORITY
REGIONAL WASTEWATER SYSTEM
2014 REVENUE REPORT**

Contracting Parties:

*Town of Addison, Texas
City of Arlington, Texas
City of Bedford, Texas
City of Carrollton, Texas
City of Cedar Hill, Texas
City of Colleyville, Texas
City of Coppell, Texas
City of Dallas, Texas
Dallas – Fort Worth International Airport Board
City of Duncanville, Texas
City of Euless, Texas
City of Farmers Branch, Texas
City of Fort Worth, Texas
City of Grand Prairie, Texas
City of Grapevine, Texas
City of Hurst, Texas
City of Irving, Texas
City of Keller, Texas
City of Mansfield, Texas
City of North Richland Hills, Texas
City of Southlake, Texas*

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TOWN OF ADDISON, TEXAS

TABLE 1 - WATER AND SEWER SYSTEM CONDENSED STATEMENT OF OPERATIONS

	Fiscal Year Ended September 30,				
	2013	2012	2011	2010	2009
<u>Revenues</u>					
Water Sales	\$5,935,142	\$6,272,622	\$6,140,865	\$4,758,886	\$4,972,519
Sewer Service	4,760,166	4,761,033	4,496,894	3,933,498	4,108,426
Interest Income	(81,123)	(60,181)	(23,736)	(3,796)	171,563
Other Income	107,384	95,045	102,809	113,685	110,398
Total Revenue	\$10,721,569	\$11,068,519	\$10,716,832	\$8,802,273	\$9,362,906
<u>Expenses</u>					
Water Purchase	\$3,032,183	\$2,859,454	\$2,520,302	\$2,603,155	\$2,555,204
Sewer Treatment	2,146,382	2,063,043	1,889,041	1,736,262	1,933,859
Other Expenses	2,622,524	2,482,333	2,470,905	2,344,165	2,483,206
Total Operating Expenses⁽¹⁾	\$7,801,089	\$7,404,830	\$6,880,248	\$6,683,582	\$6,972,269
Net Available for Debt Services	\$ 2,920,480	\$ 3,663,689	\$ 3,836,584	\$ 2,118,691	\$ 2,390,637
Water Customers	3,576	3,559	3,512	3,470	3,466
Sewer Customers	2,581	2,568	2,536	2,512	2,508

(1) Excludes depreciation.

As of September 30, 2013, the City has no water and sewer revenue bonds outstanding. However, the City does have Outstanding General Obligation and Certificates of Obligation supported by the Utility fund.

TABLE 2 - AUTHORIZED BUT UNISSUED REVENUE BONDS

As of September 30, 2013, the City has no authorized but unissued revenue bonds.

TABLE 3 - WATER USAGE

Year Ended 9/30	Total Water Purchased In Gallons	Average Daily Usage In Gallons	Maximum Daily Usage In Gallons
2009	1,680,000,000	4,630,000	8,750,000
2010	1,580,000,000	4,330,000	8,900,000
2011	1,830,000,000	5,010,000	9,400,000
2012	1,848,000,000	5,021,000	8,871,000
2013	1,850,000,000	4,829,000	8,979,000

TABLE 4 - MONTHLY WATER RATES (EFFECTIVE OCTOBER 2013)

<u>Residential</u>			<u>Commercial</u>		
<u>Single Family</u>			<u>Large</u>		
First 2,000 gallons	\$	10.66 (Minimum)	First 37,000 gallons	\$	92.13 (Minimum)
Next 13,000 gallons	\$	2.33 /M gallons	Over 37,000 gallons	\$	2.33 /M gallons
Over 15,000 gallons	\$	4.62 /M gallons			
<u>Multi-Family (Small)</u>			<u>Small</u>		
First 15,000 gallons	\$	40.92 (Minimum)	First 5,000 gallons	\$	17.64 (Minimum)
Over 15,000 gallons	\$	2.33 /Thousand gallons	Over 5,000 gallons	\$	2.33 /M gallons
<u>Multi-Family (Large)</u>					
First 37,000 gallons	\$	92.13 (Minimum)			
Over 37,000 gallons	\$	2.33 /Thousand gallons			

TABLE 5 - MONTHLY SEWER RATES (EFFECTIVE OCTOBER 2011)

<u>Residential</u>			<u>Commercial</u>		
<u>Single Family</u> ⁽¹⁾			<u>Large</u>		
First 2,000 gallons	\$	13.34 (Minimum)	First 37,000 gallons	\$	166.28 (Minimum)
Next 6,000 gallons	\$	4.37 /M gallons	Over 37,000 gallons	\$	4.37 /M gallons
Maximum Rate	\$	39.56			
<u>Multi-Family (Small)</u>			<u>Small</u>		
First 15,000 gallons	\$	70.15 (Minimum)	First 5,000 gallons	\$	26.45 (Minimum)
Over 15,000 gallons	\$	4.37 /Thousand gallons	Over 5,000 gallons	\$	4.37 /M gallons
<u>Multi-Family (Large)</u>					
First 37,000 gallons	\$	166.28 (Minimum)			
Over 37,000 gallons	\$	4.37 /Thousand gallons			

(1) Maximum 8,000 gallons

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CITY OF ARLINGTON, TEXAS

TABLE 1 - WATER AND SEWER SYSTEM CONDENSED STATEMENT OF OPERATIONS ⁽¹⁾

	Fiscal Year Ended September 30,				
	2013	2012	2011	2010	2009
<u>Revenues</u>					
Water Sales	\$ 59,007	\$ 61,937	\$ 70,339	\$ 57,459	\$ 57,685
Sewer Service	50,162	47,999	48,076	44,890	45,749
Interest Income	281	375	565	889	120
Other Income	5,065	4,783	4,543	5,451	4,790
Total Revenue	\$ 114,515	\$ 115,094	\$ 123,523	\$ 108,689	\$ 108,344
<u>Expenses</u>					
Labor Costs	\$ 14,413	\$ 13,955	\$ 13,039	\$ 13,085	\$ 13,464
Supplies	3,456	3,448	3,264	2,955	4,077
Maintenance	3,831	3,508	3,487	2,780	3,300
Water Supply (The District)	18,821	17,931	16,531	13,676	13,082
Sewer Treatment Contracts	25,274	23,979	23,987	20,873	22,126
Utilities	2,831	3,183	3,088	3,162	3,181
Other Expenses	4,315	11,899	15,321	4,199	4,177
Total Operating Expenses Before Depreciation	\$ 72,941	\$ 77,903	\$ 78,717	\$ 60,730	\$ 63,407
Net Revenues of the Systems	\$ 41,574	\$ 37,191	\$ 44,806	\$ 47,959	\$ 44,937
Interest During Construction Included Above	(67)	(95)	(129)	(98)	(349)
Net Available for Debt Service	\$ 41,507	\$ 37,096	\$ 44,677	\$ 47,861	\$ 44,588
Debt Service paid ⁽¹⁾	\$ 14,777	\$ 14,250	\$ 14,804	\$ 13,990	\$ 13,926
Water Customers	100,453	99,758	99,484	99,288	99,141
Sewer Customers	98,544	97,801	97,343	97,185	96,895

(1) Amounts expressed in thousands.

TABLE 2 - COVERAGE AND FUND BALANCES ⁽¹⁾

Waterworks and Sewer System Revenue Bonds Outstanding (as of 9/30/13)	\$ 129,605,000
Principal and Interest Requirements, 2014	\$ 14,736,198
Average Annual Principal and Interest Requirements, 2014-2034	\$ 6,171,667
Coverage of Average Requirements by 9/30/13 Net Available for Debt Service	6.73 Times ⁽¹⁾
Maximum Principal and Interest Requirements, 2014-2034	\$ 10,830,000
Coverage of Requirements by 9/30/13 Net Available for Debt Service	3.83 Times ⁽¹⁾
Interest and Sinking Fund (as of 9/30/13)	\$ 7,684,165
Reserve Fund (as of 9/30/13)	\$ 14,422,129

(1) Provided by City Officials.

TABLE 3 - WATER USAGE

Fiscal Year Ended 9/30	Total Production in Gallons	Average Daily Production in Gallons	Maximum Daily Production in Gallons
2009	21,734,000,000	59,540,000	115,200,000
2010	20,236,000,000	55,440,000	102,240,000
2011	23,451,000,000	64,250,000	114,690,000
2012	21,166,000,000	57,990,000	106,450,000
2013	20,148,000,000	52,200,000	95,760,000

TABLE 4 – WATER RATES (EFFECTIVE JANUARY 1, 2014)

Water Rates (Fixed Monthly Fee)	
Meter Size	Monthly Charge
3/4" ($\leq 2,000$ gal)	\$ 5.40
3/4" ($\geq 3,000$ gal)	8.80
1"	15.00
1 1/2"	34.30
2"	60.00
3"	141.00
4"	225.00
6"	524.00
8"	820.00
10"	1,232.00

Conservation Rates Block Structure

Residential	
Usage (1,000 gallons)	Water
0 - 2	\$ 1.60
3 - 10	2.28
11 - 15	3.36
16 - 29	3.88
≥ 30	4.64

Commercial	
Usage (1,000 gallons)	Water
0 - 15	\$ 2.23
≥ 16	2.57

Irrigation	
Usage (1,000 gallons)	Rate
0 - 29	\$ 3.88
≥ 30	4.64

Construction	
Usage (1,000 gallons)	Rate
0-99	\$ 5.52
≥ 100	6.96

TABLE 5 - SEWER RATES (EFFECTIVE JANUARY 1, 2014)

Sewer Rates (based on water consumption)	
Meter Size	Monthly Charge
3/4" ($\leq 2,000$ gal)	\$ 4.40
3/4" ($\geq 3,000$ gal)	8.30
1"	14.50
1 1/2"	33.00
2"	56.60
3"	96.20
4"	163.00
6"	383.00
8"	584.00
10"	873.00

Conservation Rates Block Structure	
Residential	
Usage (1,000 gallons)	Wastewater
0 - 2	\$ 3.66
3 - 10	3.66
11 - 15	3.66
16 - 29	3.66
≥ 30	3.66
Commercial	
Usage (1,000 gallons)	Wastewater
0 - 15	\$ 3.66
≥ 16	3.66

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CITY OF BEDFORD, TEXAS

TABLE 1 - WATER AND SEWER SYSTEM CONDENSED STATEMENT OF OPERATIONS

	Fiscal Year Ended September 30,				
<u>Revenues</u>	2013	2012	2011	2010	2009
Water Sales	\$ 11,739,641	\$ 12,185,112	\$ 12,943,929	\$ 10,475,115	\$ 9,557,761
Charges for Sewer Services	5,930,354	5,995,840	5,884,928	5,364,676	4,430,273
Interest Income	42,245	15,816	35,616	11,783	36,991
Other	238,626	734,183	1,098,660	482,405	676,676
Total Revenue	<u>\$ 17,950,866</u>	<u>\$ 18,930,951</u>	<u>\$ 19,963,133</u>	<u>\$ 16,333,979</u>	<u>\$ 14,701,701</u>
 <u>Expenses</u>					
Water Supply and Distribution	\$ 8,116,217	\$ 7,914,658	\$ 9,102,950	\$ 8,243,196	\$ 7,420,914
Wastewater Collection and Disposal	3,960,054	3,837,162	3,744,916	3,629,709	3,576,468
Billing and Collection	1,218,968	1,155,188	1,149,980	1,098,619	1,002,986
Public Services/Engineering	605,250	566,978	554,722	560,172	538,904
Total Expense	<u>\$ 13,900,489</u>	<u>\$ 13,473,986</u>	<u>\$ 14,552,568</u>	<u>\$ 13,531,696</u>	<u>\$ 12,539,272</u>
 Net Available for Debt Service	 \$ 4,050,377	 \$ 5,456,965	 \$ 5,410,565	 \$ 2,802,283	 \$ 2,162,429
 Administrative Overhead/Payment in Lieu of Taxes	 <u>2,205,526</u>	 <u>2,147,258</u>	 <u>2,057,276</u>	 <u>1,865,996</u>	 <u>1,806,316</u>
 Net Operating Income	 \$ 1,844,851	 \$ 3,309,707	 \$ 3,353,289	 \$ 936,287	 \$ 356,113
 Water Customers	 23,024	 23,035	 23,090	 23,085	 23,100
Sewer Customers	22,558	22,577	22,623	22,575	22,620

TABLE 2 - COVERAGE AND FUND BALANCES

As of September 30, 2013, the City has no water and sewer revenue bonds outstanding.

TABLE 3 - AUTHORIZED BUT UNISSUED REVENUE BONDS

As of September 30, 2013, the City has no authorized but unissued revenue bonds, and pursuant to State law is not required to approve its revenue bonds through election.

TABLE 4 - MONTHLY WATER RATES (EFFECTIVE JANUARY 1, 2014)

With the exception of multi-family dwellings the minimum charge for various size meters per month shall be:

<u>Meter Size</u>	<u>Rates per Month</u>
5/8 inch Meter	\$ 18.92
5/8 inch Meter (Citizens aged 65 and over)	17.20
1 inch Meter	36.73
1 inch Meter (Citizens aged 65 and over)	34.40
1 ½ inch Meter	75.67
2 inch Meter	121.12
3 inch Meter	227.10
4 inch Meter	363.40
6 inch Meter	1,362.73
All water used per month	3.11 per 1,000 gallons

TABLE 5 - MONTHLY SEWER RATES (EFFECTIVE JANUARY 1, 2014) ⁽¹⁾

<u>Meter Size</u>	<u>Rates per Month</u>
5/8 or ¾ inch Meter	\$ 11.21
5/8 inch Meter (Citizens aged 65 and over)	10.18
1 inch Meter	16.84
1 inch Meter (Citizens aged 65 and over)	15.30
1 ½ Meter	26.25
2 inch Meter	37.51
3 inch Meter	67.55
4 inch Meter	101.41
6 inch Meter	195.41
Volume Charge ⁽²⁾	2.10 per 1,000 gallons up to 12,000 gallons

(1) Based on average volume of water billed during December, January and February (residential).

(2) No charge over 12,000 – residential accounts only.

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CITY OF CARROLLTON, TEXAS

TABLE 1 - WATERWORKS AND SEWER SYSTEM CONDENSED STATEMENT OF OPERATIONS

	Fiscal Year Ended September 30,				
	2013	2012	2011	2010	2009
Revenues:	\$35,256,384	\$35,011,924	\$37,264,408	\$33,585,356	\$34,546,031
Expenses:					
Personal Services	3,483,877	3,431,921	3,510,275	3,573,380	3,726,351
Supplies and Services	21,477,817	20,652,052	19,265,802	18,359,278	18,792,132
Utilities	909,152	898,975	948,136	905,799	1,233,722
Allocations	1,074,435	1,111,285	1,062,926	1,098,674	1,138,529
Bad Debts	40,471	63,100	61,893	59,032	74,325
Transfers Out	3,454,158	3,466,178	3,346,964	3,265,278	3,282,643
Total Expenses	\$30,439,910	\$29,623,511	\$28,195,996	\$27,261,441	\$28,247,702
Net Available for Debt Services	\$4,816,474	\$5,388,413	\$9,068,412	\$6,323,915	\$6,298,329
Customer Count Water/Sewer	35,710	34,971	35,802	33,915	34,825
Average Annual Debt Service	\$ 1,552,989	\$ 1,609,769	\$ 1,775,052	\$ 1,843,461	\$ 1,903,950
Coverage	3.10 Times	3.35 Times	5.11 Times	3.43 Times	3.31 Times

TABLE 2 - COVERAGE AND FUND BALANCES

Waterworks and Sewer System Revenue Bonds Outstanding (as of 9/30/13)	\$17,115,000
Principal and Interest Requirements, 2014	2,388,804
Coverage of Requirements by 9/30/13 Net Available for Debt Service	2.02 Times
Average Annual Principal and Interest Requirements, 2014-2027 (as of 9/30/13)	1,552,989
Coverage of Average Requirements by 9/30/13 Net Available for Debt Service	3.10 Times
Maximum Principal and Interest Requirements, 2014 (as of 9/30/13)	2,388,804
Coverage of Requirements by 9/30/13 Net Available for Debt Service	2.02 Times
Interest and Sinking Fund (as of 9/30/13)	\$995,335
Reserve Fund (as of 9/30/13)	\$1,552,989

TABLE 3 - AUTHORIZED BUT UNISSUED REVENUE BONDS

As of September 30, 2013, the City had no authorized but unissued revenue bonds.

TABLE 4 - TOP TEN LARGEST WATER CUSTOMERS ⁽¹⁾

Name	Type	Revenues	% of Total Water Revenues
Carrollton-Farmers Branch ISD	School District	\$ 420,779	1.86%
Western Extrusions Inc.	Manufacturing	197,599	0.87%
BH Autumn Chase Apts. LP.	Apartments	131,475	0.58%
Lewisville ISD	School District	120,429	0.53%
Mansions at Sunset Ridge, LP	Apartments	103,906	0.46%
Country Square Associates	Apartments	94,890	0.42%
Frankel Family Trust	Apartments	94,679	0.42%
The Meridian, LLC	Apartments	82,025	0.36%
Carrollton Edentree LP	Apartments	79,532	0.35%
Duke Realty Services, LP	Industrial	78,534	0.35%
TOTAL		<u>\$ 1,403,848</u>	<u>6.20%</u>

(1) Total water revenues from October 1, 2012 through September 30, 2013 was \$ 22,634,379.
Source: City of Carrollton Utility Customer Service Department.

TABLE 5 - WATER USAGE ⁽¹⁾

Fiscal Year Ended 9/30	Average Daily Use In Gallons	Maximum Daily Use In Gallons	Total Gallons For Year
2009	21,117,000	41,162,000	7,707,993,000
2010	19,635,000	40,022,000	7,166,971,000
2011	22,311,000	41,106,000	8,143,386,000
2012	20,808,000	40,680,000	7,594,764,000
2013	20,171,000	38,388,000	7,362,343,000

(1) Source: City of Carrollton Utility Customer Service Department.

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TABLE 6 - MONTHLY WATER RATES (EFFECTIVE NOVEMBER 1, 2013)**Monthly Water Rates:****Minimum monthly charge, including the first 2,000 gallons of use:**

Single-family residential domestic and irrigation use	\$	10.63
Commercial (including apartments and portable meters), Industrial and commercial irrigation use:		
5/8" meter	\$	10.63
1" meter		16.38
1.5" meter		25.99
2" meter		37.50
3" meter		68.21
4" meter		102.75
6" meter		198.73
8" meter		313.91
10" meter		448.26
Fire Line regardless of size		57.90

Use over the 2,000 gallons included in the minimum monthly usage charge:

Single-family residential domestic use:

Meter Readings from October through April:	\$	2.66
All Over 2,000 gallons (per 1,000 gallons)		
Meter Readings from May through September:		
Next 8,000 gallons (per 1,000 gallons)		2.66
All Over 10,000 gallons (per 1,000 gallons)		3.58
All Over 25,000 gallons (per 1,000 gallons)		4.49

Irrigation use:

Next 23,000 gallons (per 1,000 gallons)	\$	2.63
Next 25,000 gallons (per 1,000 gallons)		3.15
Next 50,000 gallons (per 1,000 gallons)		3.55
Next 100,000 gallons (per 1,000 gallons)		4.02
All use over 200,000 gallons (per 1,000 gallons)		4.49

Commercial use (Including apartments and portable meters.

All use over 2,000 gallons (per 1,000 gallons)	\$	1.81
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Industrial Use: Industrial use rates for water service will apply to customers in the business of assembly or manufacturing of goods and for which water usage equals or exceeds 750,000 gallons per month for nine out of twelve months in the year:

All use over 2,000 gallons (per 1,000 gallons)	\$	1.52
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TABLE 7 - MONTHLY SEWER RATES (EFFECTIVE NOVEMBER 1, 2013)

Monthly Sewer Rates:

Residential use:

First 2,000 gallons, minimum	\$	9.67
All use over 2,000 gallons (per 1,000 gallons)		2.02

Commercial (including apartments), Industrial and Irrigation minimum monthly charges, including the first 2,000 gallons of use:

5/8" meter	\$	9.67
1" meter		13.98
1.5" meter		21.15
2" meter		29.75
3" meter		52.71
4" meter		78.52
6" meter		150.22
8" meter		236.27
10" meter		336.65

Commercial and Industrial use:

All use over 2,000 gallons (per 1,000 gallons)	\$	2.02
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CITY OF CEDAR HILL, TEXAS

TABLE 1 – WATERWORKS AND SEWER SYSTEM CONDENSED STATEMENT OF OPERATIONS

	Fiscal Year Ended September 30,				
	2013	2012	2011	2010	2009
OPERATING REVENUES					
Water Sales	\$ 9,496,973	\$ 9,218,197	\$ 10,395,866	\$ 7,901,704	\$ 8,575,481
Sewer Sales	7,058,429	6,154,191	5,752,101	5,453,589	5,244,621
Other Charges	654,050	605,404	543,416	406,748	483,755
Total Operating Income	\$ 17,209,452	\$ 15,977,792	\$ 16,691,383	\$ 13,762,041	\$ 14,303,857
OPERATING EXPENSES					
Sewage Treatment	\$ 5,157,361	\$ 4,882,868	\$ 4,677,823	\$ 4,680,129	\$ 4,068,763
Purchase of Water	3,448,465	3,393,318	3,267,212	3,212,622	3,025,125
Personnel Services	2,504,935	2,661,268	2,602,062	2,690,839	2,537,922
Depreciation	1,533,130	1,508,400	1,633,013	1,518,792	1,476,514
Gross Receipts Tax	765,150	688,123	726,659	627,021	642,213
Heat, Light and Power	385,100	368,783	471,003	417,263	459,475
Maintenance	316,741	394,339	311,234	297,286	294,709
Contractual Services	589,094	502,537	557,290	490,723	437,362
Materials and Supplies	240,411	664,240	337,206	921,099	323,617
Miscellaneous	72,126	74,072	72,562	92,020	250,291
Total Operating Expenses	\$ 15,012,513	\$ 15,137,948	\$ 14,656,064	\$ 14,947,794	\$ 13,515,991
OPERATING INCOME	\$ 2,196,939	\$ 839,844	\$ 2,035,319	\$ (1,185,753)	\$ 787,866
NON-OPERATING REVENUES (EXPENSES)					
Other Revenues	\$ 130,088	\$ 74,167	\$ 62,077	\$ 64,610	\$ 45,274
Interest Revenue	56,838	119,897	125,261	186,944	219,773
Gain (Loss) on Retirement of Assets	-	-	(1,195,204)	24,117	-
Interest and Fiscal Charges	(478,865)	(536,057)	(523,717)	(604,986)	(629,480)
Total Non-Operating Income	\$ (291,939)	\$ (341,993)	\$ (1,531,583)	\$ (329,315)	\$ (364,433)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	\$ 1,905,000	\$ 497,851	\$ 503,736	\$ (1,515,068)	\$ 423,433
Contributions	\$ 214,055	\$ 397,988	\$ 238,020	\$ 370,066	\$ 1,138,633
Contributions, Tap Fees & Other	478,825	128,281	116,149	153,328	35,380
TRANSFER OUT	(1,800,000)	(1,800,000)	(1,800,000)	(1,800,000)	(1,800,000)
NET INCOME	\$ 797,880	\$ (775,880)	\$ (942,095)	\$ (2,791,674)	\$ (202,554)
ADDITIONS					
Depreciation	\$ 1,533,130	\$ 1,508,400	\$ 1,633,013	\$ 1,518,792	\$ 1,476,514
Interest & Fiscal Charges	56,836	536,057	523,717	604,986	629,480
Gain (Loss) on Retirement of Assets	478,864	-	-	(24,117)	-
Capital Recovery Fees	1,336,425	991,000	1,053,840	1,621,250	-
Transfer Out	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000
TOTAL ADDITIONS	\$ 5,205,255	\$ 4,835,457	\$ 5,010,570	\$ 5,520,911	\$ 3,905,994
DEDUCTIONS					
Contributions	\$ 214,055	\$ 397,988	\$ 238,020	\$ 370,066	\$ 1,138,633
Capital Recovery Fees	475,177	372,999	221,580	-	35,380
Interest Income-Cap. Rec. Fees	5,519	71,594	81,576	-	23,351
Interest Income-Bond Proceeds	-	-	-	91,053	79,428
TOTAL DEDUCTIONS	\$ 694,751	\$ 842,581	\$ 541,176	\$ 461,119	\$ 1,276,792
NET REVENUES	\$ 5,308,384	\$ 3,216,996	\$ 3,527,299	\$ 2,268,118	\$ 2,426,648

(1) Preliminary, provided by City officials.

TABLE 2 – COVERAGE AND FUND BALANCES

Average Annual Principal and Interest Requirements, 2014-2028	\$ 647,473
Net Revenue Available for Debt Service	3,916,995
Coverage of Average Requirements by 9/30/13 Net Revenues	6.05 Times
Maximum Principal and Interest Requirements, 2022	\$ 862,115
Net Revenue Available for Debt Service	3,916,995
Coverage of Maximum Requirements by 9/30/13 Net Revenues	4.54 Times
Waterworks and Sewer System Revenue Bonds Outstanding, 9/30/14	\$ 7,085,000
Interest and Sinking Fund, 9/30/13	\$ 429,218
Debt Service Reserve Fund, 9/30/13	\$ 1,006,380

TABLE 3 – AUTHORIZED BUT UNISSUED REVENUE BONDS

As of January 31, 2014, the City has no voted but unissued revenue bonds, and pursuant to State law, the City is not required to approve its revenue bonds through election.

TABLE 4 – HISTORICAL WATER USAGE (GALLONS)

Fiscal Year Ended 9/30	Daily Average (MGD)	Peak Day (MGD)	Peak Month (MGD)	Total Usage (MGD)	Water Revenue
2009	8.70	14.0	346.4	3,175.7	\$ 8,575,481
2010	8.10	13.2	316.4	2,951.0	7,901,704
2011	8.54	12.9	368.0	3,118.6	10,395,866
2012	7.34	11.1	280.0	2,678.0	9,218,197
2013	7.50	11.9	316.0	2,737.0	9,496,973

TABLE 5 – MONTHLY WATER RATES (EFFECTIVE OCTOBER 1, 2013)

	New Rates	
	Inside City	Outside City
First 1,000 Gallons	\$ 8.33	\$ 8.33
Next 49,000 Gallons	5.53	5.53
Over 50,000 Gallons	5.53	5.53
	Old Rates	
	Inside City	Outside City
First 1,000 Gallons	\$ 7.50	\$ 7.50
Next 49,000 Gallons	4.98	4.98
Over 50,000 Gallons	4.98	4.98

TABLE 6 – MONTHLY SEWER RATES (EFFECTIVE OCTOBER 1, 2013)

	Residential			
	New Rates		Old Rates	
	Inside	Outside	Inside	Outside
	City	City	City	City
First 1,000 Gallons	\$ 8.60	\$ 8.60	\$ 7.75	\$ 7.75
Over 1,000 Gallons	7.44	7.44	6.70	6.70
Residential charges capped at \$64.00				

	Commercial			
	New Rates		Old Rates	
	Inside	Outside	Inside	Outside
	City	City	City	City
First 1,000 Gallons	\$ 8.60	\$ 8.60	\$ 7.75	\$ 7.75
Over 1,000 Gallons	7.44	7.44	6.70	6.70

TABLE 7 – CAPITAL RECOVERY FEES

As of September 30, 2013 the capital recovery fee funds may be used for capital projects and to pay debt service on projects for which the fee was levied and to date has produced approximately \$15,418,849 for the City:

Water Sources	\$ 8,879,983.00
Sewer Sources	3,734,041.00
Investment Earnings	2,804,825.00

To Date, the City has used approximately \$14,069,032 of the funds for water and wastewater projects and has remaining funds of \$1,349,817.

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CITY OF COLLEYVILLE, TEXAS

TABLE 1 - WATERWORKS AND SEWER SYSTEM OPERATING SYSTEM

	Fiscal Year Ended September 30,				
	2013	2012	2011	2010	2009
Revenues					
Metered Water Sales	\$ 10,683,906	\$ 10,150,129	\$ 10,721,138	\$ 8,152,807	\$ 7,949,903
Sewer Service Charges	3,278,271	2,965,143	2,802,217	2,583,176	2,770,366
Miscellaneous Charges and Fees	699,314	919,328	832,063	678,442	583,599
Interest Income	37,423	1,725	36,492	12,649	154,414
Total Revenues	\$ 14,698,914	\$ 14,036,325	\$ 14,391,910	\$ 11,427,074	\$ 11,458,282
Expenses					
Personal Services	\$ 1,595,661	\$ 1,577,921	\$ 1,604,954	\$ 1,952,279	\$ 2,113,507
Maintenance and Contractual Services	8,950,525	8,625,914	8,316,414	7,335,146	6,697,536
Materials and Supplies	160,831	191,682	199,310	170,930	132,760
Total Expenses	\$ 10,707,017	\$ 10,395,517	\$ 10,120,678	\$ 9,458,355	\$ 8,943,803
Net Available for Debt Service	\$ 3,991,897	\$ 3,640,808	\$ 4,271,232	\$ 1,968,719	\$ 2,514,479
 Water Customers	 9,396	 9,285	 9,103	 9,014	 8,960
Sewer Customers	8,731	8,603	8,457	8,389	8,351

TABLE 2 - COVERAGE AND FUND BALANCES

Average Annual Principal and Interest Requirements, 2014 – 2018	\$ 438,357
Coverage of Average Requirements by 9-30-13 Net Available for Debt Service	9.11 Times
 Maximum Annual Principal and Interest Requirements, 2014	 \$ 819,137
Coverage of Maximum Requirements by 9-30-13 Net Available for Debt Service	4.87 Times
 Waterworks and Sewer System Revenue Bonds Outstanding (as of 9-30-13)	 \$ 2,085,000
 Interest and Sinking Fund (as of 9-30-13)	 \$ 782,431
Reserve Fund (as of 9-30-13)	\$ 650,171

TABLE 3 - AUTHORIZED REVENUE BONDS

As of September 30, 2013, the City has no authorized but unissued revenue debt.

TABLE 4 - WATER USAGE

Fiscal Year Ended	Average Day	Total
9/30	Usage	Usage
2009	6,578,006	2,400,972,500
2010	5,990,353	2,186,479,000
2011	7,928,015	2,893,725,300
2012	7,216,713	2,634,100,300
2013	6,784,984	2,476,519,060

TABLE 5 - MONTHLY WATER RATES (EFFECTIVE DECEMBER 1, 2013)

	In-City Customers \$/M Gallons	Out-City Customers \$/M Gallons
First 2,000 Gallons (Minimum)	\$ 12.74	\$ 16.74
2,001 - 20,000 Gallons	3.85	3.85
20,001 - 30,000 Gallons	4.41	4.41
30,001 - 40,000 Gallons	4.97	4.97
40,001 - 50,000 Gallons	5.53	5.53
All Over 50,000 Gallons	6.09	6.09

TABLE 6 - MONTHLY SEWER RATES (EFFECTIVE DECEMBER 1, 2013)

First 2,000 Gallons (Minimum)	\$ 9.94
All Over 2,000 Gallons	\$ 2.84

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CITY OF COPPELL, TEXAS

TABLE 1 - WATERWORKS AND SEWER SYSTEM OPERATING SYSTEM

	Fiscal Year Ended September 30,				
<u>Operating Revenues</u>	2013	2012	2011	2010	2009
Water and Sewer Sales	\$ 13,664,366	\$ 13,621,094	\$ 14,785,377	\$ 12,723,433	\$ 13,383,492
Water and Sewer Connection Fees	21,550	22,221	18,570	22,173	22,430
Interest and Miscellaneous	931,818	260,719	247,630	284,989	398,147
Capital Recovery Fees	173,843	125,415	204,354	200,002	247,853
Total Revenues	<u>\$ 14,791,577</u>	<u>\$ 14,029,449</u>	<u>\$ 15,255,931</u>	<u>\$ 13,230,597</u>	<u>\$ 14,051,922</u>
<u>Operating Expenses</u>					
Purchase of Water	\$ 4,888,453	\$ 4,827,960	\$ 4,575,118	\$ 4,182,116	\$ 4,128,468
Purchase of Sewer Treatment	2,328,154	2,239,910	2,178,212	2,081,418	1,946,572
Salaries and Wages	1,436,299	1,377,802	1,300,517	1,396,495	1,377,349
Supplies and Services	4,767,031	4,602,584	4,619,754	3,707,817	4,111,201
Total Expenses	<u>\$ 13,419,937</u>	<u>\$ 13,048,256</u>	<u>\$ 12,673,601</u>	<u>\$ 11,367,846</u>	<u>\$ 11,563,590</u>
Net Available for Debt Service	<u>\$ 1,371,640</u>	<u>\$ 981,193</u>	<u>\$ 2,582,330</u>	<u>\$ 1,862,751</u>	<u>\$ 2,488,332</u>
Water Customers	12,496	12,376	12,357	12,308	12,165
Sewer Customers	11,506	11,407	11,396	11,339	11,226

TABLE 2 - COVERAGE AND FUND BALANCES ⁽¹⁾

Average Annual Principal and Interest Requirements, 2014 - 2019	\$ 261,863
Coverage of Average Annual Requirements by 9/30/13 Net Income	5.24 Times
Maximum Principal and Interest Requirements, 2014	\$ 368,568
Coverage of Maximum Requirements by 9/30/13 Net Income	3.72 Times
Waterworks and Sewer System Refunding Bonds Outstanding, 9/30/13	\$ 1,475,000
Interest and Sinking Fund, 9/30/13	\$ 5,100
Reserve Fund, 9/30/13	\$ -

(1) The City no longer has Water and Sewer revenue bonds outstanding. However, a portion of the City's outstanding General Obligation bonds are funded by Water and Sewer revenue.

TABLE 3 - AUTHORIZED REVENUE BONDS

As of September 30, 2013, the City has no authorized but unissued revenue debt.

TABLE 4 - WATER USAGE

Fiscal Year Ended 9/30	Estimated City Population	Water Usage		
		Average Day Usage	Peak Day Usage	Total Usage
2009	39,655	8,088,600	17,315,000	2,952,339,000
2010	39,750	7,450,510	17,290,000	2,719,436,000
2011	38,950	8,978,682	18,400,000	3,277,219,000
2012	39,050	8,471,542	19,080,000	3,092,113,000
2013	39,090	8,533,893	16,390,000	3,114,871,000

TABLE 5 - MONTHLY WATER RATES**New Rates**

(Effective December 13, 1994)

First 1,000 gallons \$12.00 (minimum)

\$2.60 per 1,000 gallons over initial 1,000 gallons

Seasonal Conservation Water Rate: (June - October Billings)

(Effective November 11, 2003)

All over 25,000 gallons \$3.25 per 1,000 gallons

Old Rates

(Effective April 14, 1992)

First 1,000 gallons \$8.00 (minimum)

\$2.60 per 1,000 gallons over initial 1,000 gallons

TABLE 6 - SEWAGE FLOW

Fiscal Year Ended 9/30	Amount in Gallons	Average Daily Sewer Flow
2009	1,185,668,000	3,248,405
2010	1,315,635,000	3,604,479
2011	1,203,477,000	3,297,197
2012	1,188,985,000	3,257,493
2013	1,195,150,000	3,274,384

TABLE 7 - MONTHLY SEWER RATES

New Rates

(Effective December 13, 1994)

First 1,000 gallons	\$12.00 (minimum)
\$1.80 per 1,000 gallons over initial 1,000 gallons	
Maximum Charge (Residential Only)	\$35.40
No maximum for other customers	

Old Rates

(Effective April 14, 1992)

First 1,000 gallons	\$8.00 (minimum)
\$1.80 per 1,000 gallons over initial 1,000 gallons	
Maximum Charge (Residential Only)	\$31.40
No maximum for other customers	

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CITY OF DALLAS, TEXAS

TABLE 1 - WATERWORKS AND SEWER SYSTEM OPERATING SYSTEM (AMOUNTS IN THOUSANDS)

	Fiscal Year Ended September 30,				
<u>Operating Revenues</u>	2013	2012	2011	2010	2009
Water	\$ 330,006	\$ 319,129	\$ 322,059	\$ 278,419	\$ 271,399
Wastewater	221,847	208,245	202,344	189,108	196,530
	<u>\$ 551,853</u>	<u>\$ 527,374</u>	<u>\$ 524,403</u>	<u>\$ 467,527</u>	<u>\$ 467,929</u>
<u>Operating Expenses</u> ⁽²⁾					
Operation and Maintenance	\$ 260,286	\$ 256,095	\$ 244,502	\$ 258,506	\$ 264,908
Depreciation and Amortization	104,824	99,619	90,527	99,283	92,106
	<u>\$ 365,110</u>	<u>\$ 355,714</u>	<u>\$ 335,029</u>	<u>\$ 357,789</u>	<u>\$ 357,014</u>
Earnings from Operations	\$ 184,198	\$ 171,660	\$ 189,374	\$ 109,738	\$ 110,915
Net Interest Expense ⁽¹⁾	(71,422)	(70,841)	(78,759)	(65,284)	(52,725)
Change in Fair Value of Investments	-	(136)	(572)	(4,215)	2,430
Capital Contribution Received	13,514	5,510	7,802	10,345	14,825
Net Transfers	(19,008)	(17,210)	(15,306)	(12,038)	(4,589)
Gain/(Loss) From Property Disposal	(250)	(249)	75	(93)	93
Change in Net Position	<u>\$ 107,032</u>	<u>\$ 88,870</u>	<u>\$ 103,186</u>	<u>\$ 42,668</u>	<u>\$ 68,519</u>
Water Customer Accounts	292	291	292	293	291
Wastewater Customer Accounts	276	273	274	275	276
Water Connections	329	332	330	331	330

(1) Interest earnings and capitalized interest are included above as a reduction of Net Interest Expense.

(2) Preliminary, provided by City officials.

TABLE 2 - PROJECTED COVERAGE AND FUND BALANCES ⁽¹⁾

Average Annual Principal and Interest Requirements, Fiscal Years 2014 - 2043	\$ 104,362,629
Coverage of Average Requirements by Fiscal Year Ended 9-30-13 Net Revenues	2.83 x
Maximum Principal and Interest Requirements, Fiscal Year 2015	\$ 178,678,976
Coverage of Maximum Requirements by Fiscal Year Ended 9-30-13 Net Revenues	1.65 x
Waterworks and Sewer System Revenue Bonds Outstanding (as of 9-30-14)	\$ 2,005,048,000
Interest and Sinking fund (as of 9-30-13)	\$ 131,479,269
Reserve Fund (as of 9-30-13)	\$ 15,772,039

(1) Source: City Officials - Preliminary Unaudited.

TABLE 3 - SUMMARY OF PRESENT SUPPLY SOURCES

Water Supply Source	Diversion Rights of Dallas	Dependable Yield to Dallas	
		Available	Connected
Lake Grapevine	76 MGD	7 MGD	7 MGD
Lake Ray Hubbard ⁽¹⁾	80 MGD	54 MGD	54 MGD
Lake Tawakoni	170 MGD	164 MGD	164 MGD
Lake Fork ⁽²⁾	118 MGD	107 MGD	36 MGD
Elm Fork System ⁽³⁾	1037 MGD	171 MGD	171 MGD
Lake Palestine ⁽⁴⁾	102 MGD	102 MGD	0 MGD
Total	1,583 MGD	605 MGD	432 MGD

- (1) In addition to the Connected Dependable Yield of Lake Ray Hubbard, Dallas has a temporary water rights permit for an additional 44 MGD. The temporary water rights permit provides for operational efficiency.
- (2) Lake Fork was connected to the system in 2009; additional transmission capacity planned in future to maximize the yield from Lake Fork and Lake Tawakoni.
- (3) Elm Fork System includes Lake Lewisville, Lake Ray Roberts, and Elm Fork of the Trinity River run of the river flows.
- (4) Connection to the System not anticipated to occur in 2015.

TABLE 4 - WATER PURIFICATION AND DISTRIBUTION

Water Treatment Plant	Treatment Capacity
East Side	440 MGD
Elm Fork	310 MGD
Bachman	150 MGD
Total	900 MGD

TABLE 5 - WHOLESALE TREATED WATER CUSTOMERS

Treated water is now supplied on a wholesale basis to the following cities and authorities under contracts expiring in the calendar year indicated.

Entity	Year	Entity	Year
Addison	2042	Flower Mound	2017
Carrollton	2043	Glenn Heights	2022
Cedar Hill	2014	Grand Prairie	2042
Cockrell Hill	2014	Hutchins	2042
Combine WSC	2035	Irving	2033
Coppell	2017	Lancaster	2041
Dallas County MUD 6 (Balch Springs)	2015	Lewisville	2016
Dallas/Fort Worth International Airport	2015	Ovilla	2035
DeSoto	2043	Red Oak	2033
Duncanville	2014	Seagoville	2043
Ellis County WCID #1	2033	The Colony	2040
Farmers Branch	2040		

Dallas and its wholesale treated water customers negotiated and reached consensus on a thirty year Memorandum of Agreement for wholesale treated water rate-setting methodology. The new Memorandum of Agreement was approved by the Dallas City Council on May 12, 2010. Wholesale rates for treated water service to all customer cities and authorities are determined per the provision of the new Memorandum Agreement.

As of August 13, 2003, the City of Red Oak, Rockett SUD and Ellis County WCID #1 entered into a contract with Dallas Water Utilities for wholesale supply of treated water. The City of Red Oak began taking water starting in spring 2009. The contract with Rockett SUD was terminated in 2009. Ellis County WCID #1 is not yet connected to Dallas Water System. These contracts will expire in the year 2033. The contracts were approved by Dallas City Council on August 13, 2003.

In addition to a Wholesale Treated Water Contract, the Cities of Irving and Dallas adopted the Water Treatment Services Contract on January 8, 1998. This agreement allowed Irving to store 9,700 acre feet of Lake Chapman water in Lake Lewisville and for Dallas to treat Irving's water at the Elm Fork Water Treatment Plant. The effective date of the Water Treatment Services Contract and the Wholesale Treated Water Contract with Irving is June 30, 2003. Both contract terms are for thirty years.

TABLE 6 - TREATED WATER PUMPAGE (MILLION GALLONS)

Fiscal Year Ended 9/30	Peak Day	Average Day	Total
2009	626	406	148,015
2010	638	388	141,658
2011	683	428	156,201
2012	649	395	144,604
2013	583	391	142,878

TABLE 7 - TREATED WATER CONSUMPTION BY CUSTOMER CLASS (MILLION GALLONS) ⁽¹⁾

	Fiscal Year Ended September 30,				
Retail	2013	2012	2011	2010	2009
Residential	26,604	27,033	29,860	25,543	27,320
General Service	35,652	35,966	37,445	34,552	37,463
Optional General Service ⁽²⁾	4,771	5,149	5,363	5,222	4,816
Total Retail	67,027	68,148	72,668	65,317	69,599
Wholesale	55,741	54,438	58,772	54,601	57,288
Total	122,768	122,586	131,440	119,918	126,887

(1) Source: City officials

(2) Customers consistently using one million gallons or more monthly.

TABLE 8 - TEN LARGEST WHOLESALE TREATED WATER CUSTOMERS (MILLION GALLONS)

Wholesale	Fiscal Year 2013 Water Consumption	Wholesale	Fiscal Year 2013 Water Consumption
City of Carrollton	7,354	City of Lewisville	3,246
City of Grand Prairie	5,721	City of Farmers Branch	2,817
City of Irving ⁽¹⁾	4,609	City of Desoto	2,627
City of Coppell	3,393	Town of Flower Mound	2,412
City of Cedar Hill	2,701	City of Duncanville	1,906
Total			36,786

(1) In addition to the 4,608.86 MG treated water provided under the treated water contract, Dallas Water System also treated 10,755.75 MG of raw water from Irving's Lake Chapman under the Dallas Water System/Irving treatment services contract.

TABLE 9 - WHOLESALE WASTEWATER CUSTOMERS

Customer Cities receiving “wholesale” wastewater services are principally as follows, with contractual terms of service now extending to calendar years indicated.

Addison (portion)	2014	Mesquite (portion)	2036
Cockrell Hill	2014	Richardson (portion)	2037
Dallas County WCID No. 6 (Balch Springs)	2028	Seagoville	2033
Duncanville (portion)	2014	University Park	2014
Highland Park	2014	Wilmer	2014
Hutchins	2014		

TABLE 10 - TREATED WASTEWATER FLOW (MILLION GALLONS)

Fiscal Year Ended 9/30	Maximum Day Treated Effluent	Average Day Treated Effluent	Total Treated Effluent
2009	345	159	58,000
2010	364	183	66,730
2011	238	145	52,767
2012	361	153	56,106
2013	261	144	52,446

TABLE 11 - RETAIL CUSTOMER CHARGE (AS OF OCTOBER 1, 2013)

	Monthly Retail Customer Charge		
	Water	Wastewater	Combined
5/8 Inch Meter	\$ 4.65	\$ 4.40	9.05
3/4 Inch Meter	6.45	5.90	12.35
1 Inch Meter	9.38	8.53	17.91
1 1/2 Inch Meter	17.47	16.01	33.48
2 Inch Meter	27.26	25.82	53.08
3 Inch Meter	66.56	61.45	128.01
4 Inch Meter	110.59	100.10	210.69
6 Inch Meter	219.60	201.31	420.91
8 Inch Meter	364.98	332.91	697.89
10 Inch Meter or larger	561.26	507.07	1,068.33

TABLE 12 - RETAIL USAGE CHARGE (AS OF OCTOBER 1, 2013)

	Monthly Retail Rate Per 1,000 Gallons	
	Water	Wastewater
<u>Residential</u>		
Up to 4,000 Gallons	\$ 1.80	\$ 4.90 ⁽¹⁾
4,001 to 10,000 Gallons	3.77	4.90 ⁽¹⁾
10,001 to 15,000 Gallons	5.20	4.90 ⁽¹⁾
Above 15,000 Gallons	7.09	4.90 ⁽¹⁾
<u>General Service</u>		
Up to 10,000 Gallons	\$ 2.70	\$ 3.47
Above 10,000 Gallons	3.30	3.47
Above 10,000 and usage 1.4x annual monthly average	4.65	3.47
Wastewater metered separately		3.40
<u>Optional General Service</u>		
1st Million Gallons or Less	\$ 1,945.98 ⁽²⁾	\$ 3.22
Above 1 Million Gallons (Per 1,000 Gallons)	2.55	3.22
Wastewater metered separately		3.40

(1) Wastewater rates for residential accounts are applied to average water consumption billed in December, January, February, and March, up to 40,000 gallons per month, or actual water consumption if lower.

(2) Fixed amount, not a volume rate.

Note: The retail usage charge applies in addition to the customer charge shown in Table 11. The usage charge is generally stated as a rate per 1,000 gallons. Both the retail water usage charge and the retail wastewater usage charge are applied to volume of water used, except for that wastewater which is metered separately. Wastewater meters are purchased by general service customers (typically large business customers) when separate wastewater metering is advantageous to them. Retail usage charges are established for three customer classes as set forth above. For residential wastewater customers, the retail usage charge is based upon average water consumption during winter months, or actual water usage for each month if lower. Each of the rates for usage charges and for customer charges is subject to 5% additional charge if not paid when due.

TABLE 13 – WHOLESALE RETAIL CUSTOMER CHARGE (AS OF OCTOBER 1, 2013)

Wholesale rates are as follows, for each type of wholesale service:

Treated Water Service: Customers with rate-of-flow controllers: \$0.3673 per thousand gallons of water used, plus \$208,941 annually per million gallons of daily capacity reserved.

Customers without rate-of-flow controllers (or if a flat rate is provided by contract): \$1.6732 per thousand gallons of water used.

Untreated Water Service: Customers inside or outside the City: \$0.5355 per thousand gallons of water used (\$0.2430 for interruptable service).

Wastewater Service: \$2.3326 per thousand gallons of wastewater discharged. A surcharge is applied for wastewater of excessive strength.

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DALLAS-FORT WORTH INTERNATIONAL AIRPORT BOARD

The Dallas-Fort Worth International Airport Board is a Contracting Party in the Regional Wastewater System.

The Board

The Dallas-Fort Worth Airport is operated by a Board on behalf of the Cities of Dallas and Fort Worth (the "Cities"). The Board is authorized to plan, acquire, establish, develop, construct, maintain, equip, operate, lease, regulate and police the Airport and is charged with the responsibility of exercising these powers on behalf of the Cities. The Board consists of 12 members, 7 from the City of Dallas and 4 from the City of Fort Worth, appointed by the respective City Councils of the Cities. In addition, the Board has one non-voting member who is selected by the Cities of Coppell, Euless, Grapevine and Irving, Texas, respectively, on a rotating basis. Members of the Board serve without compensation.

Rate Covenant

The Cities have covenanted that the Board will fix and place into effect, directly or through leases, contracts or agreements with users of the Airport, a schedule of rentals, rates, fees and charges for the use, operation and occupancy of the Airport premises and Facilities and related services (the "Airport Rates"), that is reasonably estimated to produce the amounts set forth in the following two paragraphs (the "Rate Covenant"). From time to time and as often as it appears necessary, the Authorized Officers (as defined in the Master Bond Ordinance) will make recommendations to the Board as to the revision of the Airport Rates. Upon receiving such recommendations, the Board will revise, insofar as it may legally do so, the Airport Rates for the use, operation and occupancy of the Airport, its Facilities, and related services in order to continually fulfill the requirements set forth in the Master Bond Ordinance. This Rate Covenant is not to be construed to require adjustment or revision in long-term agreements which by their terms are not subject to adjustment or revision.

The Master Bond Ordinance obligates the Board to set Airport Rates to levels at least sufficient to produce in each Fiscal Year Gross Revenues sufficient to pay (i) the Operation and Maintenance Expenses, plus (ii) 1.25 times the amount of Accrued Aggregate Debt Service, as adjusted by taking into consideration certain investment earnings, accruing during each Fiscal Year, respectively, plus (iii) an amount equal to the amounts required to pay any other obligations payable from Gross Revenues of the Airport, including Subordinate Lien Obligations, but excluding Special Revenue Bonds and Special Facility Bonds, and plus (iv) any additional amounts required by the terms of an Additional Supplemental Ordinance.

Additionally, the Master Bond Ordinance obligates the Board to set Airport Rates to levels at least sufficient to produce in each Fiscal Year Current Gross Revenues sufficient to pay the amounts provided in clauses (i), (iii) and (iv) of the paragraph immediately above, plus 1.00 times the amount of Accrued Aggregate Debt Service accruing during each Fiscal Year, respectively.

The Board will cause all rentals, fees, rates and charges pertaining to the Airport to be collected when and as due, will prescribe and enforce rules and regulations for the payment thereof and for the consequences of nonpayment for the rental, use, operation and occupancy of and services by the Airport, and will provide methods of collection and penalties to the end that the Gross Revenues and the Current Gross Revenues will be adequate to meet these respective requirements.

Airline Use Agreement

Effective October 1, 2010, the Airport and Certain Airlines entered a new Use Agreement. The Use Agreement expires September 30, 2020.

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CITY OF DUNCANVILLE, TEXAS

TABLE 1 - WATERWORKS AND SEWER SYSTEM CONDENSED STATEMENT OF OPERATIONS

	Fiscal Year Ended September 30,				
	2013	2012	2011	2010	2009
<u>Revenues</u>					
Water Sales	\$ 6,311,961	\$ 6,493,251	\$ 7,231,917	\$ 6,030,170	\$ 6,141,467
Sewer Services	4,850,198	4,828,861	4,756,780	4,775,447	4,819,134
Investment Income	8,996	7,712	6,682	18,168	36,962
Service Fees and Miscellaneous	314,118	322,705	328,000	309,241	234,113
Total Revenues	<u>\$ 11,485,273</u>	<u>\$ 11,652,529</u>	<u>\$ 12,323,379</u>	<u>\$ 11,133,026</u>	<u>\$ 11,231,676</u>
<u>Expenses</u>					
Water Services	\$ 4,231,512	\$ 4,175,218	\$ 4,157,419	\$ 3,973,073	\$ 3,949,899
Wastewater Treatment	3,997,979	3,695,143	3,760,371	4,224,424	3,076,415
Administration and Fiscal	1,178,869	1,256,916	1,150,797	1,151,122	1,142,836
Total Expenses	<u>\$ 9,408,360</u>	<u>\$ 9,127,277</u>	<u>\$ 9,068,587</u>	<u>\$ 9,348,619</u>	<u>\$ 8,169,150</u>
Net Available for Debt Service	<u>\$ 2,076,913</u>	<u>\$ 2,525,252</u>	<u>\$ 3,254,792</u>	<u>\$ 1,784,407</u>	<u>\$ 3,062,526</u>
Water Customers	12,384	12,327	11,133	12,254	12,262
Sewer Customers	11,172	11,119	10,152	11,045	11,048

TABLE 2 - DEBT COVERAGE AND FUND BALANCES

As of September 30, 2013, the City has no outstanding Waterworks and Sewer System Revenue Debt.

TABLE 3 - AUTHORIZED BUT UNISSUED BONDS

As of September 30, 2013, the City of Duncanville, Texas has no water and sewer revenue debt outstanding.

Note: It is unlikely that bonds authorized for Water and Sewer improvements will be issued due to the age of the authorizations and the utilization of revenue bonds for these improvements. The City has received advice from Bond Counsel that bonds authorized November 20, 1971 for the City Hall and Police Station Building not be issued due to a change in circumstances under which the authorization was voted.

TABLE 4 - HISTORICAL WATER CONSUMPTION (IN 000'S OF GALLONS)

Fiscal Year Ended 9/30	Average Daily Usage in Gallons	Peak Daily Usage in Gallons	Total Water Treated and Purchased
2009	4,890	8,719	\$ 1,784,846
2010	4,729	8,520	1,726,380
2011	5,750	9,500	1,789,753
2012	4,808	7,872	1,754,883
2013	4,716	8,391	1,721,267

TABLE 5 - TOP TEN CUSTOMERS

Customer	FYE 2013	
	Water Usage Gallons	Water Revenue
Duncanville Independent School District	24,270,000	\$ 209,429.35
Wimberly Park Apartments	34,742,000	134,870.50
C.H. Guenther & Son	22,320,000	87,914.70
Vista Ridge Apartments	22,149,000	86,626.95
Center Ridge Apartments	20,516,000	79,961.20
Heartland Realty Investors Inc	17,337,000	68,265.75
Colonial Village at Main Park	13,390,000	50,726.25
DBA Candlelight	10,096,000	39,448.40
ICAP Westwood Townhomes	9,967,000	39,058.90
La Mexicana Tortilla Factory Inc.	9,643,000	37,874.45
Total	184,430,000	\$ 834,176.45

TABLE 6 - WATER RATES (EFFECTIVE OCTOBER 1, 2011)**Residential ⁽¹⁾**

\$7.70 First 1000 Gallons (minimum charge).
 \$3.09 per 2,000 to 7,000 gallons usage
 \$3.99 per 8,000 to 15,000 gallons usage
 \$4.92 per 16,000 to 30,000 gallons usage
 \$5.83 per 31,000 and above gallons usage

Irrigation

\$7.70 First 1000 Gallons (minimum charge).
 \$3.17 per 2,000 to 7,000 gallons usage
 \$4.10 per 8,000 to 15,000 gallons usage
 \$5.03 per 16,000 to 30,000 gallons usage
 \$5.94 per 31,000 and above gallons usage

Apartments & Multi Family

\$7.70 First 1000 Gallons (minimum charge)
 \$2.78 per 2,000 to 7,000 gallons usage
 \$3.63 per 8,000 to 15,000 gallons usage
 \$4.48 per 16,000 to 30,000 gallons usage
 \$4.48 per 31,000 and above gallons usage

Commercial

\$7.70 First 1000 Gallons (minimum charge).
 \$2.78 per 2,000 to 7,000 gallons usage
 \$3.63 per 8,000 to 15,000 gallons usage
 \$4.48 per 16,000 to 30,000 gallons usage
 \$4.48 per 31,000 and above gallons usage

Schools

\$7.70 First 1000 Gallons (minimum charge).
 \$4.51 per 2,000 to 7,000 gallons usage
 \$5.34 per 8,000 to 15,000 gallons usage
 \$6.16 per 16,000 to 30,000 gallons usage
 \$6.99 per 31,000 and above gallons usage

Municipal

\$7.70 First 1000 Gallons (minimum charge).
 \$5.34 per 2,000 to 7,000 gallons usage
 \$6.16 per 8,000 to 15,000 gallons usage
 \$6.99 per 16,000 to 30,000 gallons usage
 \$7.81 per 31,000 and above gallons usage

(1) Residential rates are determined by meter readings / consumption based on billing for January, February, and March.

TABLE 7 - MONTHLY SEWER RATES (EFFECTIVE OCTOBER 1, 2010)

User Class	Monthly Charge	
	Fixed Rate	Variable Rate
Residential ⁽¹⁾	\$10.82	\$4.62/1000 gallons (Max 20,000 gallons)
Multi-Family	\$5.10/Unit	\$5.20/1000 gallons@90%
Commercial	\$5.10/Connection	\$5.20/1000 gallons@85%
Schools	\$5.10/Connection	\$5.20/1000 gallons@85%
Municipal	\$5.10/Connection	\$5.20/1000 gallons@85%

(1) Residential rates are determined by meter readings / consumption based on billing for January, February, and March.

CITY OF EULESS, TEXAS

TABLE 1 - WATERWORKS AND SEWER SYSTEM CONDENSED STATEMENT OF OPERATIONS

	Fiscal Year Ended September 30,				
<u>Revenues</u>	2013	2012	2011	2010	2009
Water Service	\$ 11,047,759	\$ 10,936,311	\$ 11,563,030	\$ 9,902,096	\$ 9,436,938
Reclaimed Water Service	163,739	223,484	-	-	-
Sewer Service	6,606,665	6,269,741	6,448,051	5,797,861	5,629,893
Service Fees & Miscellaneous	1,365,035	1,008,428	1,967,721	1,544,374	1,091,108
Interest Income	34,149	50,960	55,410	73,372	196,817
Total Revenues	\$ 19,217,347	\$ 18,488,924	\$ 20,034,212	\$ 17,317,703	\$ 16,354,756
 <u>Expenses</u>					
General and Administrative	\$ 540,267	\$ 474,381	\$ 499,764	\$ 465,155	\$ 505,069
Water Production	6,405,108	6,471,802	6,825,578	5,926,175	4,870,012
Water Distribution	840,290	867,083	696,909	647,984	647,655
Utility Engineering	507,376	291,176	289,290	428,458	737,881
Sewage Collection and Treatment	3,044,977	2,688,988	2,567,384	2,637,557	2,616,591
Nondepartmental	3,658,884	3,523,182	3,357,306	3,103,815	2,876,407
Geographic Information	476,263	451,997	440,208	428,913	426,245
Service Center	1,187,232	1,056,115	1,275,933	1,161,822	1,042,733
Total Expenses	\$ 16,660,397	\$ 15,824,724	\$ 15,952,372	\$ 14,799,879	\$ 13,722,593
 Net Available for Debt Service	 \$ 2,556,950	 \$ 2,664,200	 \$ 4,081,840	 \$ 2,517,824	 \$ 2,632,163
 Water Customers	 25,039	 25,074	 24,924	 25,062	 24,677
Sewer Customers	24,320	24,428	24,339	24,489	24,211

TABLE 2 - DEBT COVERAGE AND FUND BALANCES

Net Available for Debt Service, 9/30/13	\$ 2,556,950
Average Annual Principal and Interest Requirements, 2014 - 2033.....	\$ 290,989
Coverage of Average Annual Requirements by 9/30/13 Net Available for Debt Service.....	8.79x
Maximum Principal and Interest Requirements, 2020.....	\$ 531,673
Coverage of Maximum Annual Requirements by 9/30/13 Net Available for Debt Service.....	4.81x
Projected Waterworks and Sewer System Revenue Bonds Outstanding, 9/30/14	\$ 4,285,000
Interest and Sinking Fund, 9/30/13.....	\$ 9,099
Reserve Fund, 9/30/13.....	\$ 305,072

TABLE 3 - AUTHORIZED BUT UNISSUED REVENUE BONDS ⁽¹⁾

Date Authorized	Purpose	Amount Authorized	Issued To Date	Unissued
1/17/1970	Water	\$ 4,000,000	\$ 3,500,000	\$ 500,000
1/17/1970	Sewer Improvements	1,000,000	300,000	700,000
Total		<u>\$ 5,000,000</u>	<u>\$ 3,800,000</u>	<u>\$ 1,200,000</u>

(1) The City has no intent to issue these bonds. Due to the age of the authorization, The City can issue Water and Sewer Revenue Bonds at any time without voted authorization.

TABLE 4 - HISTORICAL WATER USE

Fiscal Year Ended	Daily Average	Peak Day	Total Water Consumption (000's)	Water Revenue	Well Production (000's)	Trinity River Authority (000's)
2009	7.36 MGD	15.23 MGD	2,685,826	\$ 9,436,938	\$ 730,291	1,955,535
2010	7.14 MGD	14.72 MGD	2,607,914	9,902,096	579,154	2,028,760
2011	8.34 MGD	16.72 MGD	3,044,284	11,563,030	477,914	2,566,370
2012	7.49 MGD	13.47 MGD	2,739,646	10,936,311	299,107	2,440,539
2013	6.99 MGD	12.50 MGD	2,550,054	11,047,759	416,843	2,133,211

TABLE 5 - MONTHLY WATER RATES (EFFECTIVE OCTOBER 1, 2013)

Water Service		
Gallons of Water	Residential per 1,000/gal	Sprinker per 1,000/gal
0-2,999	\$ 2.67	\$ 3.93
3,000 - 8,999	3.60	3.93
9,000 - 15,999	4.17	4.17
16,000 - 35,000	4.70	4.70
Over 35,000	5.30	5.30
Commercial, Industrial, Multi-Family	3.93	
Fire Hydrant, Gas Well, Supplemental Irrigation	9.19	

Water Service Meter Charge	
Meter Size (Inches)	Monthly Base Charge
5/8" - 3/4" *	\$ 8.45
1"	9.88
1 1/2"	13.84
2"	22.93
3"	46.64
4"	82.22
5"	129.65
6"	184.99

*All Residential (Including Multi Family) accounts shall be charged for a 5/8" Meter.

TABLE 6 - MONTHLY SEWER RATES (EFFECTIVE OCTOBER 1, 2013)

Inside City	Outside City
\$7.25 + \$3.19 per 1,000 gallons of 90% of metered water for residential, 100% of metered water for commercial and industrial	\$11.75 + \$3.19 per 1,000 gallons of 90% of metered water for residential, 100% of metered water for commercial and industrial

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CITY OF FARMERS BRANCH, TEXAS

TABLE 1 - WATERWORKS AND SEWER SYSTEM CONDENSED STATEMENT OF OPERATIONS

	Fiscal Year Ended September 30,				
	2013	2012	2011	2010	2009
Revenues:	\$ 14,214,902	\$ 14,093,687	\$ 14,792,683	\$ 13,431,136	\$ 14,436,773
Expenses:					
Water Purchased	\$ 4,476,816	\$ 4,500,402	\$ 4,372,453	\$ 4,593,133	\$ 4,487,328
Sewage Disposal Contract	2,357,421	1,892,943	2,128,074	2,068,099	1,872,221
Other	3,036,937	2,966,566	3,102,108	3,834,601	3,620,310
Total	\$ 9,871,174	\$ 9,359,911	\$ 9,602,635	\$ 10,495,833	\$ 9,979,859
Net Available for Debt Service	\$ 4,343,728	\$ 4,733,776	\$ 5,190,048	\$ 2,935,303	\$ 4,456,914
Water Customers	9,572	9,492	9,472	9,471	9,428

As of September 30, 2013, the City has no Water and Sewer revenue debt outstanding.

TABLE 2 - TOP TEN WATER CUSTOMERS ⁽¹⁾

Customer	2013 Consumption	% of Total Consumption	2013 Revenues
	Gallons		
Maxim Integrated Products, Inc.	88,129,000	3.1%	\$ 341,057
Brookhaven Country Club	44,043,000	1.6%	151,080
Lakeview at Parkside	41,328,000	1.5%	197,971
Dallas Co Community College	32,558,000	1.2%	137,590
Cooks Creek Apartments	30,675,000	1.1%	129,878
Daltex Center LP	26,342,000	0.9%	114,888
Parish Day School	23,387,000	0.8%	99,110
Dallas Medallian Hotel	23,156,000	0.8%	89,811
Ventana at Valwood	22,800,000	0.8%	82,389
Fenton Mercer Crossing Holding Co.	21,795,000	0.8%	92,526
Total Consumption	354,213,000	12.6%	\$ 1,436,300

(1) Source: City of Farmers Branch Finance Department

TABLE 3 - MONTHLY WATER AND SEWER RATES (EFFECTIVE OCTOBER 1, 2013)

Water Rates		Sewer Rates	
0 – 2,000	\$ 12.76	0 – 2,000	\$ 13.35
2,001 – 10,000	\$ 3.47	2,001 – 10,000	\$ 1.81
10,001 – 20,000	\$ 3.90	Over 10,001	No additional charge for private residents
All Over 20,000	\$ 4.05	Commercial (All Over 2,001)	\$ 1.81
Rates Per 1,000 Gallons		Rate Per 1,000 Gallons	

TABLE 4 - OVERSIZED METER CHARGES (EFFECTIVE OCTOBER 1, 2013)

<u>Meter Size</u>	<u>Meter Charge</u>
1"	\$ 5.11
1 ½"	10.23
2"	24.25
3"	127.68
4"	166.00
6"	255.35
8"	357.50

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CITY OF FORT WORTH, TEXAS

TABLE 1 - WATER AND SEWER CONDENSED STATEMENT OF OPERATIONS (000'S OMITTED) ⁽¹⁾

	Fiscal Year Ended September 30,				
<u>Revenues</u>	2013	2012	2011	2010	2009
Charges for Services	\$ 352,005	\$ 345,373	\$ 348,650	\$ 304,831	\$ 303,111
Other Operating Revenue	154	71	77	117	62
Interest on Investments	516	3,400	2,415	3,340	6,675
Miscellaneous Revenue	15,253	268	570	13,078	276
Total Revenues	\$ 367,928	\$ 349,112	\$ 351,712	\$ 321,366	\$ 310,124
<u>Expenses ⁽²⁾</u>					
Personnel Services	\$ 69,118	\$ 69,249	\$ 66,357	\$ 66,768	\$ 64,806
Supplies and Materials	20,234	19,989	21,089	19,143	20,201
Contractual Services	122,141	128,740	109,032	103,418	98,304
Total Expenses	\$ 211,493	\$ 217,978	\$ 196,478	\$ 189,329	\$ 183,311
Net Available for Debt Service	\$ 156,435	\$ 131,134	\$ 155,234	\$ 132,037	\$ 126,813
Water Accounts ⁽³⁾	228,374	225,411	222,585	220,652	218,683
Sewer Accounts ⁽³⁾	219,331	216,441	213,690	211,883	209,743

(1) Sources for 2009-2013 are Comprehensive Annual Financial Reports for the corresponding fiscal year, City of Fort Worth

(2) Expenses exclude depreciation (a non-cash expense).

(3) Actual number of accounts, not in thousands.

TABLE 2 - COVERAGE AND FUND BALANCES

Average Annual Principal and Interest Requirements, 2014 - 2034	\$ 51,859,305
Coverage of Average Annual Requirements by 9/30/13 Net Available for Debt Service	3.02x
Maximum Principal and Interest Requirements, 2015	\$ 95,236,664
Coverage of Maximum Requirements by 9/30/13 Net Available for Debt Service	1.64x
Water and Sewer System Revenue Bonds Outstanding, 12/1/13 ⁽¹⁾	\$ 828,485,000
<u>Parity Obligations</u>	
Interest and Sinking Fund, 12/1/13 ⁽²⁾	\$ 32,198,639
Reserve Fund Balance, 12/1/13	\$ 2,488,648 ⁽³⁾
<u>Subordinate Lien Bonds</u>	
Interest and Sinking Fund, 12/1/13 ⁽²⁾	\$ 3,547,259
Reserve Fund Balance, 12/1/13	\$ - ⁽⁴⁾

(1) Includes all Outstanding Parity Obligations and the Subordinate Lien Bonds.

(2) Figures furnished by City staff. Shown on a cash basis, excluding accruals.

(3) Required Reserve Amount funded with Ambac, AGM, and CIFG surety policies and cash. Amount shown is cash balance.

(4) Required Reserve Amount funded with CIFG, Syncora and AGM surety policies.

TABLE 3 - AUTHORIZED BUT UNISSUED REVENUE BONDS ⁽¹⁾

Purpose of Authorization	Date Authorized	Amount Authorized	Amount Previously Issued	Unissued Balance
Water Improvements	2/7/1978	\$ 20,000,000	\$ 16,500,000	\$ 3,500,000
Sewer Improvements	2/8/1978	24,000,000	10,000,000	14,000,000
Water Improvements	4/14/1983	25,250,000	6,000,000	19,250,000
Sewer Improvements	4/15/1983	12,300,000	8,000,000	4,300,000
Totals		<u>\$ 81,550,000</u>	<u>\$ 40,500,000</u>	<u>\$ 41,050,000</u>

- (1) The City has adopted a policy whereby, consistent with the laws of the State of Texas and the City Charter, an election is no longer required for the City to issue Water and Sewer System Revenue Bonds supported by a lien on and pledge of the Pledged Revenues of the City's System. The City does not anticipate issuing any of the "Authorized but Unissued Revenue Bonds" described above.

TABLE 4 - HISTORICAL WATER CONSUMPTION DATA (INSIDE CITY LIMITS) ⁽¹⁾

Fiscal Year Ending 9/30	Meters in Service	Total Water Pumped, M.G.	Average Pumped Daily, M.G.D.	Maximum Day's Pumpage, M.G.D.	Average GPD Per Meter	Ratio Maximum Day to Average Day
2009	233,801	44,167.4	121.0	265.80	501	2.20x
2010	234,863	40,311.7	110.4	252.60	470	2.29x
2011	237,425	46,183.8	126.5	289.30	533	2.29x
2012	239,597	46,087.6	126.3	284.20	527	2.25x
2013	241,624	45,230.3	123.9	262.10	513	2.12x

- (1) Source: City's Water Department.

TABLE 5 - TEN LARGEST WATER CUSTOMERS (BASED ON GALLONS CONSUMED) ⁽¹⁾

Customer	Total 2013 Consumption (Gallons)	Revenue	% of Total Water Usage
Miller Brewing Company	894,896,162	\$ 1,986,623	1.51%
Alcon Laboratories	358,237,859	1,202,996	0.60%
Fort Worth ISD	282,591,259	1,195,232	0.48%
Lockheed Martin Corp Aircraft	271,399,234	660,116	0.46%
Tarrant County	218,355,578	742,563	0.37%
Texas Health Resources	182,922,494	640,584	0.31%
Texas Christian University	180,280,056	715,756	0.30%
American Airlines	172,696,790	568,884	0.29%
Kettle Cooked Foods	163,286,216	470,426	0.28%
Chesapeake Operating Inc	156,619,074	793,977	0.26%
	<u>2,881,284,722</u>	<u>\$ 8,977,159</u>	<u>4.86%</u>

- (1) Source: City's Water Department.

TABLE 6 - ALL WATER SOLD BY CATEGORY (MILLION GALLONS, BY FISCAL YEAR) ⁽¹⁾

Fiscal Year Ending 9/30	Residential	Commercial	Industrial	Wholesale Customers	Yard Meters	Total Water Sales
2009	18,380.2	11,305.1	3,514.9	21,417.7	4,132.7	58,750.6
2010	16,988.7	10,611.8	3,398.2	20,900.8	3,313.9	55,213.4
2011	20,577.0	12,294.6	3,507.4	24,999.4	4,794.3	66,172.7
2012	18,683.8	11,082.0	3,452.5	23,459.2	4,040.9	60,718.4
2013	18,416.2	10,942.8	3,282.1	23,004.8	3,914.7	59,560.6

(1) Source: City's Water Department.

TABLE 7 - TREATED WATER PUMPED (MILLION GALLONS) ⁽¹⁾

Fiscal Year Ended 9/30	Inside City Limits	Outside City Limits	Total Water Pumped
2009	44,167.4	20,816.4	64,983.8
2010	40,311.7	21,999.0	62,310.7
2011	46,183.8	28,798.4	74,982.2
2012	46,087.6	23,381.7	69,469.3
2013	45,230.3	22,698.5	67,928.8

(1) Source: City's Water Department.

TABLE 8 - MONTHLY WATER RATES (EFFECTIVE JANUARY 1, 2014) ⁽¹⁾

Monthly Service Charge: Based on the size of meter serving the customer.

A monthly service charge in the following amount shall be charged based on the size of the meter serving the customers ⁽²⁾

(Inside City Limits)		(Outside City Limits)	
Meter Size	Monthly Service Charge	Meter Size	Monthly Service Charge
5/8" x 3/4"	\$ 9.00	5/8" x 3/4"	\$ 11.25
3/4" x 3/4"	9.25	3/4" x 3/4"	11.56
1"	14.75	1"	18.44
1 1/2"	26.00	1 1/2"	32.50
2"	39.50	2"	49.38
3"	93.50	3"	116.88
4"	161.25	4"	201.56
6"	345.00	6"	431.25
8"	596.75	8"	745.94
10"	911.25	10"	1,139.06

(1) Source: City's Water Department.

(2) Rates for outside-the-city-limit customers have a 1.25% multiplier.

TABLE 9 - MONTHLY WATER RATES (VOLUME CHARGE ONLY) ⁽¹⁾Volume Charge: Based on volume of water used. (EFFECTIVE JANUARY 1, 2014) ⁽²⁾

(Inside City Limits)

Residential Customers Rate			Irrigation Rate			Gas Well Driller Rate		
Cubic Feet	Rate		Cubic Feet	Rate		Cubic Feet	Rate	
First 800	\$ 1.97	per 100 Cu. Ft.	First 5,000	\$ 2.80	per 100 Cu. Ft.	All	\$ 4.79	per 100 Cu. Ft.
Next 1,200	2.80	per 100 Cu. Ft.	Next 5,000	3.55	per 100 Cu. Ft.			
Next 1,000	3.55	per 100 Cu. Ft.	Over 10,000	4.40	per 100 Cu. Ft.			
Over 3,000	4.40	per 100 Cu. Ft.						

Commercial Rate			Industrial Rate			Superuser		
Cubic Feet	Rate		Cubic Feet	Rate		Cubic Feet	Rate	
All	\$ 2.30	per 100 Cu. Ft.	All	\$ 2.25	per 100 Cu. Ft.	All	\$ 1.85	per 100 Cu. Ft.

(Outside City Limits)

Residential Customers Rate			Irrigation Rate			Gas Well Driller Rate		
Cubic Feet	Rate		Cubic Feet	Rate		Cubic Feet	Rate	
First 800	\$ 2.46	per 100 Cu. Ft.	First 5,000	\$ 3.50	per 100 Cu. Ft.	First 5,000	\$ 5.99	per 100 Cu. Ft.
Next 1,200	3.50	per 100 Cu. Ft.	Next 5,000	4.44	per 100 Cu. Ft.			
Next 1,000	4.44	per 100 Cu. Ft.	Over 10,000	5.50	per 100 Cu. Ft.			
Over 3,000	5.50	per 100 Cu. Ft.						

Commercial Rate			Industrial Rate			Superuser		
Cubic Feet	Rate		Cubic Feet	Rate		Cubic Feet	Rate	
All	\$ 2.88	per 100 Cu. Ft.	All	\$ 2.81	per 100 Cu. Ft.	All	\$ 2.31	per 100 Cu. Ft.

(2) Rates for outside-the-city-limit customers have a 1.25% multiplier.

Raw Water Service
(Effective October 1, 2013)

All use per month \$1.0449 per 1,000 gallons inside Tarrant Regional Water District

(1) Source: City's Water Department and the City Code, as amended.

(2) Rates for outside-the-city-limit customers have a 1.25% multiplier.

TABLE 10 - RATES FOR WHOLESALE WATER CONTRACTS

Rates for Wholesale Water Service
(Effective October 1, 2013)

The City has a contract for raw water supply from the District. The contract allows the District to proceed with operation of Richland Chambers, West Fork and Cedar Creek Reservoirs.

Prior to October 1 of each year, the District will establish its operating budget and will advise the City of the charge for raw water. This amount can vary each year, and if the revenue does not equal the expenditures, the rate can and will be adjusted to recover additional costs.

Charges to the City for water sold to customers inside the District include a raw water component, plus a street rental charge of 5% and a system loss charge of 4% which increases the raw water cost to wholesale customers inside the District to \$1.0449 per 1,000 gallons. The Volume Charge is made up of two components: (1) the total raw water cost to the wholesale customer of \$1.0449 per 1,000 gallons; and (2) the cost of treatment, pumping, etc. to deliver water to the wholesale customer's meter at \$0.7860 per 1,000 gallons. The total volume charge will be \$1.8309 per 1,000 gallons.

1. Monthly charges are based on the greater of either \$1,000 or a sum equal to the Volume Charge for the actual volume of water taken plus 1/12 of the sum of the estimated Rate of Use Charges and a \$25 per meter charge. For purposes of estimating the rate of use payments, the current rate of use charges will be derived from the prior Fiscal Year's Maximum Day Demand, Maximum Hour Demand and Average Daily Use.

Computations for the monthly charge based on the water used and for the Rate of Use Charge shall be made in accordance with the following rates:

	Inside District	Outside District
Volume Charge, per 1,000 Gallons	\$ 1.8309	\$ 1.8505
Excess Maximum Day Demand (per MGD of daily demand in excess of average day demand)	\$ 179,738	\$ 179,738
Excess Maximum Hour Demand (annual charge per MGD of hourly demand in excess of maximum day demand)	\$ 7,942	\$ 7,942

2. Annual payments will be the greater of the following:
 - a. The charges calculated by applying the current Volume Charge to annual consumption, the appropriate meter reading and billing charge, and the Rate of Use Charge for the current fiscal year; or
 - b. The current fiscal year volume charge, the appropriate meter reading and billing charge, and the current Fiscal Year Rate of Use Charge applied to the average of the Maximum Day Demand above Average Daily Use and the average of the Maximum Hour Demand above Maximum Day Demand for the most recently completed three Fiscal Years, which include the current Fiscal Year; or
 - c. If no water is taken during the year, a stand-by charge applies

TABLE 11 - STATUS OF CONTRACTS -- WHOLESALE CUSTOMERS

Wholesale Customer	Contract Expiration Date		Wholesale Customer	Contract Expiration Date	
	Water	Wastewater		Water	Wastewater
Aledo ⁽⁴⁾	9/30/2031	(3)	Lake Worth ⁽⁴⁾	9/30/2031	5/8/2017
Arlington	(2)	(3)	Northlake ⁽⁴⁾	9/30/2031	(3)
Benbrook ⁽⁴⁾	(2)	5/14/2017	North Richland Hills ⁽⁴⁾	9/30/2031	5/8/2017
Bethesda Water Supply ⁽⁴⁾	9/30/2031	4/30/2017	Pantego ⁽⁴⁾	(2)	5/8/2017
Blue Mound ⁽⁴⁾	(2)	6/2/2017	Richland Hills ⁽⁴⁾	9/30/2031	6/8/2017
Burleson ⁽⁴⁾	9/30/2031	5/8/2017	River Oaks ⁽⁴⁾	9/30/2031	5/8/2017
Crowley ⁽⁴⁾	9/30/2031	5/8/2017	Roanoke ⁽⁴⁾	9/30/2031	(3)
DFW Airport	9/30/2031	(3)	Saginaw ⁽⁴⁾	9/30/2031	5/14/2017
Dalworthington Gardens ⁽⁴⁾	9/30/2031	(3)	Sansom Park ⁽⁴⁾	9/30/2031	5/8/2017
Edgecliffe Village ⁽⁴⁾	9/30/2031	5/8/2017	Southlake ⁽⁴⁾	9/30/2031	(3)
Eules	(2)	(3)	Trinity River Authority ⁽⁴⁾	(2)	12/21/2017
Everman ⁽⁴⁾	9/30/2031	5/8/2017	Trinity River Authority (Mosier Valley) ⁽⁴⁾	10/22/2017	(3)
Forest Hill ⁽⁴⁾	9/30/2031	5/8/2017	Trophy Club Municipal Utility District 1 ⁽⁴⁾	9/30/2031	(3)
Grand Prairie ⁽⁴⁾	9/30/2031	(3)	Watauga ⁽¹⁾	(2)	5/8/2017
Haltom City ⁽⁴⁾	9/30/2031	5/8/2017	Westlake ⁽⁴⁾	9/30/2031	(3)
Haslet ⁽⁴⁾	9/30/2031	(3)	Westover Hills ⁽⁴⁾	9/30/2031	10/1/2017
Hurst ⁽⁴⁾	9/30/2031	5/8/2017	Westworth Village ⁽⁴⁾	9/30/2031	5/8/2017
Keller ⁽⁴⁾	9/30/2031	(3)	White Settlement ⁽⁴⁾	9/30/2031	5/12/2017
Kennedale/D. Strickland ⁽⁴⁾	9/30/2031	9/30/2017			

- (1) Contract renewal is pending with this entity
- (2) The City of Fort Worth does not supply water to this entity
- (3) The City of Fort Worth does not treat wastewater from this entity.
- (4) The City of Fort Worth does not supply reclaimed water to this entity

Note: Source: City of Fort Worth Water Department

TABLE 12 - TEN LARGEST WASTEWATER CUSTOMERS ⁽¹⁾

	Total 2013 Usage (Gallons)	Revenue	% of Total Wastewater Usage
Miller Brewing Company	894,896,162	\$ 1,986,623	1.51%
Alcon Laboratories	358,237,859	1,202,996	0.60%
Fort Worth ISD	282,591,259	1,195,232	0.48%
Tarrant County	271,399,234	660,116	0.46%
Lockheed Martin Corp Aircraft	218,355,578	742,563	0.37%
Texas Christian University	182,922,494	640,584	0.31%
Texas Health Resources	180,280,056	715,756	0.30%
American Airlines	172,696,790	568,884	0.29%
Bell Helicopter Textron	163,286,216	470,426	0.28%
Federal Correctional Inst.	156,619,074	793,977	0.26%
	<u>2,881,284,722</u>	<u>\$ 8,977,159</u>	<u>4.86%</u>

(1) These accounts represent retail (inside City) customers only. Source: City's Water Department.

TABLE 13 - WASTEWATER SALES BY CUSTOMER CLASS FROM FISCAL YEAR 2013 BILLING RECORDS ⁽¹⁾

Customer Class	Number of Accounts	Volume Billed MG	Sales
Residential	204,792	11,381.3	\$ 55,582,645
Commercial	13,472	8,956.1	46,280,107
Commercial Monitored ⁽²⁾	727	384.6	2,342,322
Industrial	166	111.9	563,471
Industrial Monitored ⁽²⁾	168	2,008.0	10,085,569
Municipalities	24	10,708.7	24,336,305
Effluent	6	277.0	351,549
Total	<u>219,355</u>	<u>33,827.6</u>	<u>\$ 139,541,968</u>

(1) Source: City's Water Department.

(2) Monitored customers are broken out separately as they are also charged for their Bio-chemical Oxygen Demand and Total Suspended Solids

TABLE 14 - WASTEWATER RETAIL SERVICE RATES (EFFECTIVE JANUARY 1, 2014)

The following schedule of rates per month, or fraction thereof, shall be the charges to all residential and nonresidential customers for furnishing sewerage service to such customers located within the City. The residential monthly volume charge for sewerage service shall be the charges to the residential class for furnishing sewerage service to residential sewer customers located within the City. The nonresidential monthly volume charge for sewerage service shall be the charges to the nonresidential customer class for furnishing sewerage service to nonresidential sewer customers located within the City.

Monthly Service Charge for Sewerage Service Only

(Inside City Limits)		(Outside City Limits)	
Meter Size (inches)	Monthly Charge	Meter Size (inches)	Monthly Charge
5/8 x 5/8	\$ 5.10	5/8 x 5/8	\$ 6.38
5/8 x 3/4	5.10	5/8 x 3/4	6.38
3/4 x 3/4	5.40	3/4 x 3/4	6.75
1	6.00	1	7.50
1 ½	7.50	1 ½	9.38
2	9.30	2	11.63
3	17.55	3	21.94
4	27.00	4	33.75
6	52.50	6	65.63
8	88.50	8	110.63
10	130.50	10	163.13
12	163.50	12	204.38

Monthly Volume Charge for Sewerage Service Only

A monthly volume charge shall also be charged to residential customers in the amount of three dollars (\$3.00) per one hundred (100) cubic feet of water used, and to nonresidential/non-monitored customers in the amount of three dollars and eighty-four cents (\$3.84) per one hundred (100) cubic feet of water used, or wastewater produced, as more specifically set forth hereinafter.

The monthly volume charges for residential class customers will be based on the individual customer's average monthly water use during the preceding winter quarter months of December, January, and February, but in no event shall the volume used to compute this monthly charge for a single family residential unit or a duplex unit exceed three thousand (3,000) cubic feet. The volumes used to compute these charges are based on the amount of water used by the residential class customer as measured by a meter. Where no preceding winter quarter average is available from records, the director shall estimate a volume to be used for this monthly volume charge.

The monthly charges to the nonresidential/non-monitored customers will be based on total water use as measured by appropriate meters, with the provision that if a customer can prove, to the satisfaction of the director, that a significant portion of the metered water usage does not enter the sanitary sewers, the customer will be charged for only that volume entering the sewers, as determined by a method approved by the director

TABLE 15 - WASTEWATER WHOLESALE SERVICE RATES (EFFECTIVE OCTOBER 1, 2013)

Rates for Wholesale Wastewater Contracts ⁽¹⁾	
Volume (\$/1,000 gallons)	\$ 1.1267
BOD (\$/pound)	\$ 0.3581
Total Suspended Solids (\$/pound)	\$ 0.2001
Customer (\$/month)	\$ 75.00

(1) Rates for outside the city-limit customers have a 1.25% multiplier.

CITY OF GRAND PRAIRIE, TEXAS

TABLE 1 - WATERWORKS AND SEWER SYSTEM CONDENSED STATEMENT OF OPERATIONS

	Fiscal Year Ended September 30,				
	2013	2012	2011	2010	2009
Revenues ⁽¹⁾					
Sales to Customers	\$ 33,686,226	\$ 34,304,231	\$ 33,135,212	\$ 27,286,204	\$ 27,499,827
Wastewater Charges to Customers	21,384,096	20,610,386	19,297,083	17,212,075	16,464,165
Water Surcharge/Monitoring	684,472	682,994	634,476	601,095	594,851
Impact Fees	1,394,620	1,084,505	1,017,779	1,174,693	1,073,689
Other	2,068,490	2,018,959	1,700,687	1,670,055	2,902,368
Total Revenues	\$ 59,217,904	\$ 58,701,075	\$ 55,785,237	\$ 47,944,122	\$ 48,534,900
Expenses ⁽²⁾					
Salaries & Personnel Benefits	\$ 6,529,641	\$ 6,038,321	\$ 5,944,242	\$ 5,924,300	\$ 5,810,814
Professional Services	4,609,048	4,977,428	4,957,262	4,423,934	3,748,373
Franchise Fees	2,193,657	2,193,337	2,092,534	1,770,765	1,784,329
Water Purchase	10,924,656	10,951,192	10,919,425	10,209,116	10,456,160
Wastewater Treatment	11,790,989	11,581,458	10,894,876	9,576,287	8,260,418
Other ⁽³⁾	4,798,751	4,626,210	4,342,913	4,136,047	3,696,714
Total Expenses	\$ 40,846,742	\$ 40,367,946	\$ 39,151,252	\$ 36,040,449	\$ 33,756,808
Available for Debt Service	\$ 18,371,162	\$ 18,333,129	\$ 16,633,985	\$ 11,903,673	\$ 14,778,092

(1) Includes operating and non-operating revenue.

(2) Excludes depreciation and debt service expense.

(3) Includes payments with respect to TRA Water Contract Bonds secured by surplus revenues and; if needed, by an ad valorem tax.

TABLE 2 - COVERAGE AND FUND BALANCES

Average Annual Principal and Interest Requirements, all Water and Wastewater System Revenue Bonds, Fiscal Year Ended 9/30/2013	\$ 4,182,279 4.39x
Coverage of Average Annual Requirements based on 9/30/2013 Revenue Available for Debt Service	
Total Principal and Interest Requirements of all debt obligations paid from Water and Wastewater Treatment Fund (Water and Wastewater System Revenue Bond, Contract and Tax Obligations issued for System Improvements), Fiscal Year Ended 9/30/2013	
Coverage of Total Requirements based on 9/30/2013 Revenue Available for Debt Service	\$ 6,791,060 2.71x

TABLE 3 - AUTHORIZED BUT UNISSUED REVENUE BONDS

As of September 30, 2013, the City has no authorized revenue bonds.

TABLE 4 - DALLAS WATER UTILITIES

Fiscal Year Ended 9/30	Dallas Water Utilities		City of Ft. Worth	Total Cost
	Volume Charges	Demand Charges	Volume Charges	of Water Purchased
2009	\$ 3,119,852	\$ 5,904,883	\$ 1,431,425	\$ 10,456,160
2010	2,883,426	6,090,162	1,235,527	10,209,115
2011	3,342,225	6,329,489	1,239,437	10,919,425
2012	2,780,668	6,758,580	1,411,944	10,951,192
2013	2,901,935	6,854,133	1,168,588	10,924,656

TABLE 5 - WATER AND WASTEWATER RATES (EFFECTIVE OCTOBER 1, 2013) ⁽¹⁾

Water Rates (Per 1,000 Gallons)	Present (10/01/2012)	Present (10/01/2013)
Classification		
Residential		
Per 1,000 gallons, total usage 3,000 gallons or less	\$ 0.12	\$ 0.12
Per 1,000 gallons, total usage more than 3,000 gallons, and up to and including 20,000 gallons	3.29	3.42
Per 1,000 gallons, all quantities over 20,000 gallons	5.65	5.88
Commercial	3.31	3.44
Industrial	3.31	3.44
Governmental	2.97	3.09
Fire Hydrant	6.52	6.78
Minimum Monthly Charge (Based on Meter Size):		
5/8" of 3/4"	\$ 11.52	\$ 11.98
1"	14.82	15.41
1 1/4"	17.73	18.44
1 1/2"	19.24	20.01
2"	30.44	31.66
3"	94.40	98.18
4"	117.05	121.73
6"	175.47	182.49
8"	244.21	253.98
10"	254.80	264.99
12"	268.11	278.83
Wastewater Rates (Per 1,000 Gallons)		
Classification		
Residential	\$ 3.22	\$ 3.35
Commercial	3.91	4.07
Industrial	3.91	4.07
Governmental	3.46	3.60

Wastewater Minimum charges based on meter size			
5/8" of 3/4"	\$	10.50	\$ 10.92
1"		11.37	11.82
1 1/4"		13.26	13.79
1 1/2"		13.82	14.37
2"		15.85	16.48
3"		23.46	24.40
4"		31.13	32.38
6"		48.31	50.24
8"		69.31	71.09
10"		87.50	91.00
12"		98.04	101.96

(1) Source: City Staff.

TABLE 6 - AVERAGE DAILY WATER USAGE (GALLONS)

Fiscal Year Ended 9/30	Average Daily Usage	Maximum Day's Use	Total Pumped In
2009	25,450,905	43,362,871	9,289,580,390
2010	22,893,436	40,412,439	8,356,104,040
2011	27,883,942	40,645,201	10,177,638,838
2012	23,927,897	42,138,818	8,733,682,560
2013	23,500,103	39,519,048	8,577,537,610

TABLE 7 - AVERAGE DAILY WASTEWATER FLOW

Fiscal Year Ended 9/30	Average Daily Flow
2009	15,090,031
2010	15,184,720
2011	16,242,375
2012	15,214,182
2013	14,234,168

TABLE 8 - WASTEWATER TREATMENT

Fiscal Year Ended 9/30	Operation and Maintenance	Wastewater Treatment Debt		Joe Pool Intake	Joe Pool Corp of Engineers	Total
		Service	Subtotal			
2009	3,687,602	4,849,504	\$ 8,537,106	6,450	370,440	\$ 8,913,996
2010	3,803,188	5,678,184	9,481,372	24,000	395,860	9,901,232
2011	4,146,626	6,660,202	10,806,828	11,010	383,062	11,200,900
2012	4,316,782	6,383,008	10,699,790	7,660	306,680	11,014,130
2013	4,360,828	6,546,256	10,907,084	7,390	381,637	11,296,111

TABLE 9 - TEN LARGEST WATER AND WASTEWATER CUSTOMERS

Customers	Fiscal Year Ended September 30, 2013			
	Total Consumption ⁽¹⁾	Amount Billed		
		Billed	Water	Wastewater
Bell Helicopter	116,983	\$ 757,456	\$ 390,878	\$ 366,578
Coca-Cola North America	93,155	455,530	310,449	145,081
North Texas Healthcare Laundry	51,244	330,607	170,895	159,711
Lockheed-Martin	46,282	319,951	158,860	161,091
Apple Residential Investment	42,865	403,974	259,599	144,375
Poly America	41,933	288,654	142,930	145,724
Amerisouth VI, LTD	31,462	279,680	183,736	95,944
Mountain Creek	29,411	290,982	185,177	105,806
Manor Redevelopment LLC	26,892	255,098	161,436	93,662
Quail Ridge Apts	23,305	228,287	143,000	85,288
Totals	503,532	\$ 3,610,219	\$ 2,106,960	\$ 1,503,260

(1) In 1,000 Gallons.

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CITY OF GRAPEVINE, TEXAS

TABLE 1 - WATERWORKS AND SEWER SYSTEM CONDENSED STATEMENT OF OPERATIONS

	Fiscal Year Ended September 30,				
	2013	2012	2011	2010	2009
Revenues:					
Charges for Services	\$ 20,184,879	\$ 20,481,210	\$ 21,167,790	\$ 18,523,000	\$ 17,950,381
Operating Expenses: ⁽¹⁾					
Salaries and Benefits	\$ 2,916,459	\$ 2,830,003	\$ 2,721,601	\$ 2,856,000	\$ 2,795,000
Maintenance, Repairs and Supplies	9,871,647	9,191,991	10,150,560	8,818,000	8,427,000
General and Administrative	3,123,542	3,396,529	3,153,168	3,030,000	2,877,000
Total Operating Expenses	\$ 15,911,648	\$ 15,418,523	\$ 16,025,329	\$ 14,704,000	\$ 14,099,000
Net Revenue from Operations	\$ 4,273,231	\$ 5,062,687	\$ 5,142,461	\$ 3,819,000	\$ 3,851,381
Investment Income	151,267	67,292	73,804	82,000	398,000
Impact Fee - Balance	8,031,864	7,808,747	6,878,687	6,396,000	6,329,666
Other Net	-	-	-	281,000	545,000
Net Available for Debt Service	\$ 12,456,362	\$ 12,938,726	\$ 12,094,952	\$ 10,578,000	\$ 11,124,047
Average Annual Debt	\$ 284,764	\$ 284,764	\$ 285,008	\$ 351,378	\$ 284,764
Average Annual Debt Coverage	43.74x	45.44x	42.44x	30.10x	39.06x
Average Annual Debt Coverage without Impact Fees	15.54x	18.01x	18.30x	11.90x	16.84x
Water Customers	14,517	14,460	14,384	14,343	14,314
Wastewater Customers	13,315	13,103	13,081	13,130	13,107

(1) Excludes depreciation and amortization.

TABLE 2 - COVERAGE AND FUND BALANCES

As of September 30, 2013, the City has no water and sewer revenue bonds outstanding.

TABLE 3 - WATER USAGE

Fiscal Year	Peak Day Usage	Average Day Usage	Total Usage ⁽¹⁾
2009	19,650,000	10,366,000	3,783,510,000
2010	22,664,000	10,234,000	3,735,308,000
2011	21,890,000	11,739,000	4,284,915,000
2012	20,919,000	10,766,000	3,929,509,000
2013	18,863,000	10,379,000	3,797,786,000

(1) Water consumption pumped or treated.

TABLE 4 - MONTHLY WATER RATES (EFFECTIVE OCTOBER 1, 2013)

General Water Consumption		
First	2,000 gallons	\$9.75 (Minimum)
Over	2,000 gallons	\$2.74/M gallons

General Water Consumption		
First	2,000 gallons	\$11.51 (Minimum)
Over	2,000 gallons	\$3.23/1,000 gal

Size of Meter	Minimum Gallons	Minimum Monthly Charges
3/4" or less	2,000.00	\$11.51
1"	9,000.00	\$34.09
1 1/2"	21,000	\$72.84
2"	34,000	\$114.80
3"	78,000	\$256.85
4"	100,000	\$327.86
6"	134,000	\$437.63
8"	239,000	\$776.59
Larger than 8"		To be agreed upon by contract

Fire sprinkler connection - \$32.40

TABLE 5 - MONTHLY SEWER RATES (EFFECTIVE OCTOBER 1, 2013)

Residential Service			Commercial Service		
First	2,000 gallons	\$9.20 (Minimum)	First	2,000 gallons	\$13.59 (Minimum)
Next	13,000 gallons	\$3.85/M gallons	Over	2,000 gallons	\$ 3.85/M gallons

TABLE 6 - APPLICATION AND COST DEPOSIT FOR WATER, WASTEWATER AND REFUSE SERVICE (EFFECTIVE OCTOBER 1, 2013)

Single-Family residential, minimum *	\$ 50.00
Multi-Family (apartments), (payable on per dwelling unit basis)	\$ 40.00
Commercial, minimum	\$ 40.00
Commercial, sprinkler systems (per meter)	\$ 40.00
Industrial, minimum	\$ 230.00
3/4" Construction Meter	\$ 125.00
2" Construction Meter	\$ 750.00
Master Deposit Account	\$ 250.00
Commercial account/sprinkler systems (per Meter)	\$ 40.00

* Only one deposit shall be required when more than one meter is installed at a single-family residence

CITY OF HURST, TEXAS

TABLE 1 - WATERWORKS AND SEWER SYSTEM CONDENSED STATEMENT OF OPERATIONS

	Fiscal Year Ended September 30,				
<u>Revenues</u>	2013	2012	2011	2010	2009
Water Sales	\$ 19,287,736	\$ 18,777,841	\$ 19,888,409	\$ 15,556,443	\$ 15,623,362
Storm Water Drainage	-	-	-	-	500,094
Interest on Investments	108,544	132,898	177,002	206,807	478,868
Miscellaneous	526,414	454,686	491,644	451,812	505,227
Total Revenue	<u>\$ 19,922,694</u>	<u>\$ 19,365,425</u>	<u>\$ 20,557,055</u>	<u>\$ 16,215,062</u>	<u>\$ 17,107,551</u>
<u>Expenses</u>					
Personnel Services	\$ 3,647,254	\$ 3,593,948	\$ 3,716,479	\$ 3,695,552	\$ 3,572,994
Contractual Services	6,930,669	6,483,580	6,240,410	6,810,627	5,502,334
Repairs and Maintenance	449,973	527,951	450,445	356,025	521,630
Materials and Supplies	248,101	169,459	158,692	132,870	147,448
Indirect Cost/Street Rental Fees	3,523,461	3,495,076	3,503,054	3,289,855	3,367,142
Other	1,096,899	1,020,958	1,139,878	1,150,337	1,215,875
Total Expense	<u>\$ 15,896,357</u>	<u>\$ 15,290,972</u>	<u>\$ 15,208,958</u>	<u>\$ 15,435,266</u>	<u>\$ 14,327,423</u>
Net Available for Debt Service	<u>\$ 4,026,337</u>	<u>\$ 4,074,453</u>	<u>\$ 5,348,097</u>	<u>\$ 779,796</u>	<u>\$ 2,780,128</u>
Water Customers	11,526	12,155	12,240	12,245	12,238
Sewer Customers	11,227	11,856	11,847	12,034	12,028

TABLE 2 - COVERAGE AND FUND BALANCES

As of September 30, 2013, there is no Water and Sewer revenue debt outstanding.

TABLE 3 - AUTHORIZED BUT UNISSUED REVENUE BONDS

As of September 30, 2013, the City has no authorized but unissued revenue debt.

TABLE 4 - HISTORICAL WATER USAGE

Fiscal Year Ended 9/30	Water Usage		
	Average	Peak Day	Total
	Day	Usage	Usage
	Usage (Gallons)	Usage (Gallons)	Usage (Gallons)
2008	5,660,000	8,770,000	2,067,793,100
2009	5,420,000	8,845,000	1,981,799,000
2010	6,110,000	9,056,000	2,230,843,136
2011	5,920,000	9,130,000	2,158,797,390
2012	5,750,000	8,963,000	2,099,841,000
2013	5,573,938	9,032,000	2,034,487,540

TABLE 5 - MONTHLY WATER RATES (EFFECTIVE OCTOBER 1, 2013)

All customers		
Minimum	2,000 gallons *	\$14.82
Over	2,000 gallons	\$5.96 per 1,000 gallons

* Commercial meters larger than 1" are assessed an additional base fee equal to \$2.00, \$5.00 or \$7.00 based upon the meter size.

TABLE 6 - MONTHLY SEWER RATES (EFFECTIVE OCTOBER 1, 2013)*

Minimum	\$ 10.73
All Flows	\$ 3.44 per 1,000 gallons

* Commercial meters larger than 1" are assessed an additional base fee equal to \$2, \$5 or \$7 based upon the meter size.

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CITY OF IRVING, TEXAS

TABLE 1 - CONDENSED STATEMENT OF OPERATIONS

	Fiscal Year Ended September 30				
	2013	2012	2011	2010	2009
Operating Revenues:					
Charges for Services	\$ 85,156,773	\$ 84,381,762	\$ 85,403,844	\$ 75,512,845	\$ 75,900,831
Total Operating Revenues	\$ 85,156,773	\$ 84,381,762	\$ 85,403,844	\$ 75,512,845	\$ 75,900,831
Operating Expenses:					
Water Purchases	8,322,118	8,018,642	9,635,543	11,890,064	10,015,350
Sewer Treatment Costs	15,393,266	14,403,431	14,329,478	12,928,652	13,903,746
Personnel Services	9,938,012	9,408,743	9,628,746	10,070,950	9,893,608
Supplies	3,291,648	1,305,252	1,370,684	3,049,485	3,066,574
Maintenance	2,054,143	2,132,832	1,680,139	1,654,632	1,969,512
Light and Power	2,452,385	3,099,777	4,319,576	3,767,676	4,031,565
Depreciation	13,472,931	12,654,622	12,363,480	12,774,248	12,319,400
Sundry Charges	617,800	428,401	295,756	413,308	589,617
Administrative Charges	5,729,395.00	5,397,346	4,895,820	4,804,298	4,166,024
Other	2,451,161	2,710,136	2,644,943	3,455,454	2,668,208
Total Operating Expenses	\$ 63,722,859	\$ 59,559,182	\$ 61,164,165	\$ 64,808,767	\$ 62,623,604
Non-Operating Revenues (Expenses):					
Interest Income	\$ 151,672	\$ 115,339	\$ 137,352	\$ 249,328	\$ 953,229
Interest Expense	(6,347,260)	(6,736,734)	(6,681,132)	(7,479,818)	(7,661,197)
Loss on Disposal of Fixed Assets	-	-	-	-	-
Transfers Out	-	-	(228,825)	-	(4,812,653)
Total Non-Operating Revenues	\$ (6,195,588)	\$ (6,621,395)	\$ (6,772,605)	\$ (7,230,490)	\$ (11,520,621)
Net Income	\$ 15,238,326	\$ 18,201,185	\$ 17,467,074	\$ 3,473,588	\$ 1,756,606
Add:					
Depreciation	\$ 13,472,931	\$ 12,654,622	\$ 12,363,480	\$ 12,774,248	\$ 12,319,400
Interest Expense	6,437,260	6,736,734	6,681,132	7,479,818	7,661,197
Transfers Out	-	-	228,825	-	4,812,653
(Gain) Loss on Disposal of Fixed Assets	-	-	-	-	-
Net Revenue Available for Debt Service	\$ 35,148,517	\$ 37,592,541	\$ 36,740,511	\$ 23,727,654	\$ 26,549,856
Average Annual Debt Service Requirement Coverage Ratio	\$ 11,881,325 2.96	\$ 12,934,467 2.91	\$ 12,753,787 2.88	\$ 12,435,135 1.91	\$ 12,732,594 2.09
Maximum Annual Debt Service Requirement Coverage Ratio	\$ 20,691,017 1.70	\$ 21,956,960 1.71	\$ 20,271,009 1.81	\$ 18,511,491 1.28	\$ 18,511,491 1.62
Water Customers	See "Connections" Table				
Sewer Customers					

CONNECTIONS

	Fiscal Year Ended September 30,				
	2013 ⁽¹⁾	2012 ⁽²⁾	2011 ⁽³⁾	2010 ⁽⁴⁾	2009 ⁽⁵⁾
Water Customers	45,184	44,529	44,039	43,585	43,096
Sewer Customers	42,803	42,060	41,593	41,178	40,678

⁽¹⁾ Includes 1,055 master meters (excluding private fire) serving 51,674 apartments and other multiple units.

⁽²⁾ Includes 1,055 master meters (excluding private fire) serving 50,868 apartments and other multiple units.

⁽³⁾ Includes 1,028 master meters (excluding private fire) serving 51,115 apartments and other multiple units.

⁽⁴⁾ Includes 1,037 master meters (excluding private fire) serving 50,544 apartments and other multiple units.

⁽⁵⁾ Includes 1,077 master meters serving 50,104 apartments and other multiple units.

TABLE 2 - COVERAGE AND FUND BALANCES

Average Annual Principal and Interest Requirements, 2014 - 2033	\$	12,551,322
Coverage of Average Requirements by 2012 Net Revenue Available for Debt Service		2.79x
Maximum Principal and Interest Requirements, 2015 ⁽¹⁾	\$	21,956,960
Coverage of Maximum Requirements by 2013 Net Revenue Available for Debt Service		1.60x
Waterworks and Sewer System Revenue Bonds Outstanding, September 30, 2013	\$	189,145,000
New Lien Bond Interest and Sinking Fund, 9/30/13	\$	2,699,898
New Lien Bond Reserve Fund, 9/30/13	\$	7,311,668

(1) Any shortfall in the amount required for the New Lien Bond Reserve Fund will be funded in 60 equal monthly installments as provided for in the Ordinance.

TABLE 3 - AUTHORIZED BUT UNISSUED REVENUE BONDS

As of September 30, 2013, the City does not have any authorized but unissued revenue bonds.

TABLE 4 - HISTORICAL WATER CONSUMPTION (THOUSANDS OF GALLONS)

Fiscal Year Ended 9/30	Daily Average	Peak Day	Peak Month	Water Pumped	Water Billed	Water Revenue
2009	34,480	64,570	1,716,460	14,188,610	12,585,097	43,811,006
2010	33,623	63,040	1,759,538	14,086,062	12,278,807	44,208,152
2011	36,631	67,030	1,828,620	14,227,138	13,410,005	51,977,039
2012	33,532	64,340	1,555,060	12,736,698	* 12,083,861	50,495,223
2013	35,286	65,950	1,591,320	12,879,440	12,364,289	49,664,017

*Due to a metering issue with the City of Dallas, not all water provided to the City of Irving was captured.

TABLE 5 - TEN LARGEST WATER CUSTOMERS (BASED ON GALLONS CONSUMED)

Customer	Type of Industry	Water Usage (000's)	% of Total Water Usage	Water Revenue	% of Total Water Revenue
Dr. Pepper	Soft Drink Bottler	355,289	2.87%	\$ 1,042,831	2.16%
America's Beverage	Soft Drink Bottler	160,351	1.30%	474,530	0.97%
Irving ISD	Public School District	145,811	1.18%	614,012	1.02%
Oak Villas Apartments LLC	Apartments	67,502	0.55%	202,340	0.49%
Lincoln Property	Apartments	63,579	0.51%	170,877	0.50%
Valley Ranch Master Association	Homeowners Association	56,955	0.46%	226,899	0.40%
Las Colinas Association	Homeowners Association	56,495	0.46%	246,082	0.39%
The Shores at Las Colinas	Apartments	50,079	0.41%	181,766	0.36%
University of Dallas	University	49,029	0.40%	245,827	0.36%
Four Seasons Resort	Hotel/Resort	46,317	0.37%	204,139	0.34%
Total		1,051,407	8.50%	\$ 3,609,303	6.99%

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TABLE 6 - MONTHLY WATER RATES

	Previous Rates (Effective 10/1/2012)	Present Rates (Effective 10/1/2013)
(a) Monthly Service Charge		
First 3,000 gallons of water, or less		
5/8" and 3/4" Meter	\$9.00	\$9.00
1" Meter	\$10.91	\$10.91
1 1/2" Meter	\$15.30	\$15.30
2" Meter	\$21.59	\$21.59
3" Meter	\$34.76	\$34.76
4" Meter	\$48.66	\$48.66
6" Meter	\$85.10	\$85.10
8" Meter	\$107.49	\$107.49
10" Meter	\$156.24	\$156.24
12" Meter	\$232.64	\$232.64
(b) Residential water rates:		
Next 7,000 gallons , per 1,000 gallons	\$3.73	\$3.73
Next 10,000 gallons, per 1,000 gallons	\$3.95	\$3.95
All over 20,000 gallons:		
October-May consumption, per 1,000 gallons	\$4.13	\$4.13
June -September consumption, per 1,000 gallons	\$4.49	\$4.49
(c) Apartment water rates:		
Next 7,000 gallons , per 1,000 gallons	\$3.73	\$3.73
Next 10,000 gallons, per 1,000 gallons	\$3.95	\$3.95
All over 20,000 gallons:		
October-May consumption, per 1,000 gallons	\$4.13	\$4.13
June -September consumption, per 1,000 gallons	\$4.37	\$4.37
(d) Commercial water rates:		
Next 7,000 gallons , per 1,000 gallons	\$3.73	\$3.73
Next 10,000 gallons, per 1,000 gallons	\$3.95	\$3.95
All over 20,000 gallons:		
October-May consumption, per 1,000 gallons	\$4.13	\$4.13
June -September consumption, per 1,000 gallons	\$4.37	\$4.37
(e) Large Industrial water rates:		
All over 3,000 gallons, per 1,000 gallons	\$3.51	\$3.51

TABLE 7 - WASTEWATER USAGE (THOUSANDS OF GALLONS)

Fiscal Year Ended 9/30	Daily Average	Monthly Average	Total Usage	Total Revenues
2009	22,419	681,914	8,182,971	\$ 24,416,158
2010	22,409	681,603	8,179,240	23,565,981
2011	20,570	625,656	7,507,877	26,080,130
2012	20,527	624,377	7,492,524	27,080,218
2013	22,388	680,958	8,171,499	26,509,538

TABLE 8 - MONTHLY SEWER RATES

		Previous Rates (Effective 10/1/2010) per 1,000 gallons	Current Rates (Effective 10/1/2011) per 1,000 gallons
Residential:	First 2,000 gallons	\$ 5.13	\$ 5.29
	Over 2,000 gallons	2.81	2.90
Commercial:	First 2,000 gallons	\$ 26.65	\$ 27.45
	Over 2,000 gallons	2.93	3.02
Industrial:	First 2,000 gallons	\$ 39.99	\$ 41.19
	Over 2,000 gallons	2.93	3.02

Residential and Commercial rates are based on average monthly metered water sales for January, February and March.

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CITY OF KELLER, TEXAS

TABLE 1 - WATERWORKS AND SEWER SYSTEM CONDENSED STATEMENT OF OPERATIONS

	Fiscal Year Ended September 30,				
	2013	2012	2011	2010	2009
Gross Revenue ⁽¹⁾	\$ 20,645,252	\$ 20,061,423	\$ 21,624,050	\$ 17,422,422	\$ 18,213,479
Expenses ⁽²⁾					
Water Purchased	6,479,095	7,147,763	7,377,420	5,163,957	5,321,387
Other	6,855,133	5,618,520	6,297,840	6,229,895	5,941,970
Total Expenses	\$ 13,334,228	\$ 12,766,283	\$ 13,675,260	\$ 11,393,852	\$ 11,263,357
Net Revenue Available for Debt Service	\$ 7,311,024	\$ 7,295,140	\$ 7,948,790	\$ 6,028,570	\$ 6,950,122
Water Customers	14,776	14,490	14,311	14,110	13,868
Sewer Customers	12,307	12,050	11,902	11,620	11,403

(1) Operating Revenues, investment interest, and miscellaneous income.

(2) Total Operating expenses, plus payments on contractual obligations, exclusive of depreciation.

TABLE 2 - COVERAGE AND FUND BALANCES

As of September 30, 2013, the City of Keller, Texas, has no water and sewer revenue debt outstanding.

TABLE 3 - AUTHORIZED BUT UNISSUED REVENUE BONDS

As of September 30, 2013, the City has no authorized but unissued revenue bonds.

TABLE 4 - WATER USAGE ⁽¹⁾

Fiscal Year Ended 30-Sep	Total Number of Pumped Gallons	Average Daily Pumped	Peak Daily Pumped
2009	2,848,262,000	7,683,700	19,661,400
2010	2,731,016,200	7,482,000	18,204,000
2011	3,571,275,900	9,784,000	22,565,000
2012	3,225,916,200	8,814,000	20,551,000
2013	3,028,498,400	8,298,000	23,465,000

(1) Information provided by City Staff.

TABLE 5 - TEN LARGEST WATER CUSTOMERS

Customer	Type of Industry	Fiscal 2013 Water Usage (000's)	Estimated Percent of Water Usage	Water Revenues Received
City of Keller	Municipal Government	77,765	2.49%	\$ 231,192
Keller Independent School District	School District	46,539	1.49%	269,018
Hidden Lakes Home Owner Ass'n	Residential	20,293	0.65%	110,167
Keller Enid, LTD	Multi-Family residential	14,951	0.48%	81,539
Capri W DTC, LLC	Real Estate	11,020	0.35%	61,612
Grand Estates at Keller, LP	Multi-Family Residential	9,281	0.30%	52,215
Keller Senior Community, LP	Multi-Family residential	8,963	0.29%	49,108
Keller Oaks Healthcare Center	Nursing Home/Assisted Living	5,684	0.18%	30,488
SC Stone Glen, LP	Apartments	5,484	0.18%	30,769
Kwik Car Wash	Car Wash	4,521	0.15%	24,858
		<u>204,500</u>	<u>6.56%</u>	<u>\$ 940,966</u>
	All Other Customers	2,912,946	93.44%	13,466,516
	Total Water Sold	<u>3,117,446</u>	<u>100.00%</u>	<u>\$ 14,407,482</u>

TABLE 6 - MONTHLY WATER RATES (EFFECTIVE DECEMBER 31, 2013) ⁽¹⁾

	Residential		Non-Residential	
0 to 2,000 gallons	\$ 16.88	Minimum ⁽²⁾	\$ 16.88	Minimum ⁽²⁾
0 to 2,000 gallons	2.05	/M gallons	2.05	/M gallons
2,001 to 10,000 gallons	3.22	/M gallons	3.22	/M gallons
10,001 to 20,000 gallons	3.54	/M gallons	3.86	/M gallons
20,001 to 25,000 gallons	3.97	/M gallons	4.49	/M gallons
25,001 to 40,000 gallons	5.08	/M gallons	4.08	/M gallons
+40,000 gallons	5.51	/M gallons	5.51	/M gallons

(1) The above rates include the current wholesale pass-through rate of \$2.05 per 1,000 gallons

(2) Minimum varies according to meter size. Rates indicated are for a 5/8 inch meter.

TABLE 7 - MONTHLY SEWER RATES (EFFECTIVE JUNE 1, 2013)

Residential:	\$ 11.85 Minimum ⁽¹⁾ plus	\$ 3.14 /M Gallons
	(Based on December, January and February Average water consumption) Maximum to 20,000 Gallons	
Non Residential:	\$ 11.85 Minimum ⁽¹⁾ plus	\$ 3.14 /M Gallons
	(Based on monthly water consumption, no maximum.)	

Outside City limits is 1.15 times the above rates.

(1) Minimum varies according to meter size. Rates indicated are for a 5/8 inch meter.

CITY OF MANSFIELD, TEXAS

TABLE 1 - WATERWORKS AND SEWER SYSTEM CONDENSED STATEMENT OF OPERATIONS

	Fiscal Year Ended September 30,				
<u>Revenues</u>	2013	2012	2011	2010	2009
Water Service	\$ 15,053,456	\$ 14,966,864	\$ 15,982,205	\$ 12,124,532	\$ 12,528,530
Sewer Service	8,600,592	8,220,411	8,250,025	6,287,626	5,917,858
Charges for Services	3,015,063	1,172,611	1,094,104	1,077,498	1,057,891
Interest Earnings	42,861	23,832	4,497	6,484	96,431
Impact Fees	1,508,905	1,297,649	1,067,671	1,619,455	1,550,911
Contributions	-	-	-	-	-
Total Revenues	\$ 28,220,877	\$ 25,681,367	\$ 26,398,502	\$ 21,115,595	\$ 21,151,621
<u>Expenses</u>					
Water Distribution	\$ 751,125	\$ 841,334	\$ 827,503	\$ 788,773	\$ 834,110
Wastewater Collection	4,913,513	4,528,682	4,117,479	4,215,893	3,949,616
Water Quality Control	6,417,764	6,111,884	5,413,935	4,781,233	5,145,885
Administration	2,205,885	2,552,547	2,086,397	1,760,464	1,987,097
Other Expenses	-	-	-	-	-
Total Expenses	\$ 14,288,287	\$ 14,034,447	\$ 12,445,314	\$ 11,546,363	\$ 11,916,708
Net Available for Debt Service	\$ 13,932,590	\$ 11,646,920	\$ 13,953,188	\$ 9,569,232	\$ 9,234,913
Water Customers	19,871	19,247	19,097	18,911	18,559
Sewer Customers	17,656	17,154	16,987	16,802	16,457

TABLE 2 - COVERAGE AND FUND BALANCES

Average Annual Principal and Interest Requirements, 2014-2030	\$ 4,414,200
Coverage of Average Requirements by 9/30/13 Net Income	3.16x
Maximum Principal and Interest Requirements, 2015	\$ 6,324,720
Coverage of Maximum Requirements by 9/30/13 Net Income	2.20x
Waterworks and Sewer System Bonds Outstanding, 1/31/13	\$ 48,885,000
Water and Sewer Sinking and Reserve Fund, 9/30/13	\$ 4,109,809

TABLE 3 - AUTHORIZED BUT UNISSUED REVENUE BONDS

As of September 30, 2013, the City has no authorized unissued revenue debt.

TABLE 4 - HISTORICAL WATER CONSUMPTION

Fiscal Year Ended 9/30	Total Usage	Peak Day	Average Day
2009	3,626,911,000	21,664,000	9,937,000
2010	3,030,214,523	19,235,000	8,986,562
2011	4,521,164,000	24,752,000	11,793,000
2012	4,015,353,000	21,944,000	10,360,000
2013	3,606,220,000	20,565,000	9,880,000

TABLE 5 - TEN LARGEST WATER CUSTOMERS ⁽¹⁾

Customer	Water Usage	Water Usage	Water Revenue	of Water Revenues
City of Mansfield	274,403,000	7.61%	\$ 512,512	3.40%
Mansfield ISD	239,266,790	6.63%	849,692	5.64%
Walnut Creek Country Club	108,167,150	3.00%	122,315	0.81%
Mansfield National GC	60,583,720	1.68%	62,738	0.42%
Mid America Apartments LP	29,358,410	0.81%	117,691	0.78%
Southwest Dallas	25,075,930	0.70%	47,982	0.32%
GEM Microelectronics	21,472,700	0.60%	62,350	0.41%
Methodist Mansfield	19,751,070	0.55%	85,376	0.57%
Equistar Chemicals	17,950,580	0.50%	59,209	0.39%
The Falls at Towne Crossing	17,096,010	0.47%	71,710	0.48%
	<u>813,125,360</u>	<u>22.55%</u>	<u>\$ 1,991,575</u>	<u>13.23%</u>

(1) Golf Course and Gas companies purchase non-potable water and they pay a discounted rate for non-potable water.

TABLE 6 - MONTHLY WATER RATES

	Rates Effective as of November 2013
Meter Size	
Residential < 2,000 Gallons	\$7.22
3/4" & 5/8"	\$21.65
1"	\$54.13
1 1/2"	\$108.25
2"	\$173.20
3"	\$346.40
4"	\$595.38
6"	\$1,212.40
Volume Rate per 1,000 Gallons Water (Effective November 2013)	
	Residential / Commercial
	Industrial
First 2,000 Gallons	
Next 30,000 Gallons	\$2.30
Over 32,000 Gallons	\$2.88

TABLE 7 - WASTEWATER USAGE (GALLONS)

<u>Year Ending</u> <u>9/30</u>	<u>Amount in</u> <u>Gallons (000)</u>
2009	2,018,181
2010	2,086,742
2011	1,885,862
2012	1,994,587
2013	2,058,804

TABLE 8 - MONTHLY SEWER RATES

<u>Effective as of November, 2013</u>	<u>Current Rates</u> <u>Effective as of</u> <u>November, 2013</u>
<u>Residential</u>	
Base 2,000 Gallons	\$ 7.48
Base 2,001 Gallons	22.43
Each 1,000 Over 2,000 Gallons	2.90
Maximum	57.23
Sewer Service Only - Flat Rate	45.63
<u>Commercial</u>	
Base 2,000 Gallons	\$ 22.43
Each 1,000 Over 2,000 Gallons	2.90

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CITY OF NORTH RICHLAND HILLS, TEXAS

TABLE 1 - WATERWORKS AND SEWER SYSTEM CONDENSED STATEMENT OF OPERATIONS

	Fiscal Year Ended September 30,				
	2013	2012	2011	2010	2009
Operating Revenues					
Water and Sewer Service Sales	\$ 29,202,286	\$ 27,831,190	\$ 27,639,394	\$ 23,188,158	\$ 23,861,531
Water and Sewer Connections	-	-	278,431	191,754	148,758
Service Charges	920,210	936,136	887,937	848,634	911,619
Inspection Fees	36,235	67,467	4,958	10,569	10,887
Assessment Revenue	-	-	1,950	1,950	1,934
Other Intergovernmental	138,831	80,660	106,959	74,260	124,431
Other Revenues	3,133	15,782	1,539	9,312	1,738
Other Income(Expense)	-	-	-	-	-
Investment Income	-	38,304	132,420	191,986	132,420
Total Revenues	\$ 30,300,695	\$ 28,969,539	\$ 29,053,588	\$ 24,516,623	\$ 25,193,318
Operating Expenses ⁽¹⁾					
Contractual Services	\$ 1,723,129	\$ 1,628,276	\$ 1,491,576	\$ 2,147,631	\$ 2,752,682
Water Purchases	8,268,079	7,922,294	8,842,147	7,145,638	6,756,058
Wastewater treatment services	4,715,471	3,845,819	3,747,701	4,696,923	4,561,547
Personal Services	5,141,377	5,038,489	4,970,322	5,125,165	4,634,623
Repairs and Maintenance	3,958,178	4,707,076	3,140,541	3,140,541	1,719,103
Supplies	277,003	258,760	268,840	266,245	222,611
Franchise Fees	-	-	-	-	-
Payments in Lieu of Taxes	-	-	-	-	-
Administration Fees	-	-	1,719,707	1,637,816	1,559,825
Total Operating Expenses	\$ 24,083,237	\$ 23,400,714	\$ 24,180,834	\$ 24,159,959	\$ 22,206,449
Net Available for Debt Service	\$ 6,217,458	\$ 5,568,825	\$ 4,872,754	\$ 356,664	\$ 2,986,869
 Water Connections	 20,200	 20,792	 20,522	 20,420	 20,302
Sewer Connections	19,553	19,469	19,240	19,141	19,068

(1) Excludes Depreciation.

TABLE 2 - COVERAGE AND FUND BALANCES

As of September 30, 2013, there is no Water and Sewer revenue debt outstanding.

TABLE 3 - AUTHORIZED BUT UNISSUED REVENUE BONDS

As of September 30, 2013, the city has no authorized but unissued revenue bonds.

TABLE 4 - TOP TEN WATER USERS

Customer	Type of Property	FYE 9/30/13 Water Usage (In Gallons)	Percent of Total Water Usage
Doskocil Food	Food Processor	135,559,030	3.88%
North Hills Hospital	Hospital	51,027,573	1.46%
BISD	Schools	47,672,785	1.37%
BGPC Equestrian GP LLC	Apartments	39,568,542	1.13%
Chesapeake Operations Inc.	Oil Field Services	31,493,328	0.90%
Remington Oaks Apartments	Apartments	25,946,085	0.74%
Silver Creek Apartments	Apartments	21,537,216	0.62%
APWP Green Reit LLC	Apartments	18,062,554	0.52%
Alliance PP2 FX2 LP (DBS Hill Top Apts)	Apartments	17,644,108	0.51%
Bluffs at Iron Horse	Apartments	17,287,095	0.50%
		<u>405,798,316</u>	<u>11.63%</u>

TABLE 5 - WATER USAGE

Fiscal Year Ended 9/30	Peak Day Usage	Average Day Usage	Total Usage
2009	20,580,000	9,078,458	3,313,637,380
2010	19,655,000	9,014,177	3,290,174,670
2011	23,121,000	11,378,727	4,153,235,190
2012	21,977,000	9,772,799	3,576,844,560
2013	19,629,000	9,561,878	3,490,085,380

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TABLE 6 - MONTHLY WATER RATES (EFFECTIVE OCTOBER 1, 2014)

1. Billing policy where only one user or building is tied to the same meter:

The monthly bill will be computed as follows. The minimum bill taken from Schedule A plus a volume charge of \$3.16 per 100 cubic feet on monthly volume greater than the minimum volume from Schedule A.

2. Billing policy where more than one user or building is tied onto the same meter:

It shall be the policy of the city to bill each home, homes, duplex, triplex, offices or any other building where more than one user is tied on the same meter at the rate of \$10.00 per unit per month minimum for the first 267 cubic feet of water used per unit, plus a volume charge calculated from Schedule A.

3. Billing for apartment complexes and trailer parks:

- A. \$10.00 per month for each apartment or trailer for the first 267 cubic feet of water used plus a volume charge calculated from Schedule A.
 B. Apartment house or trailer park owner shall furnish a certified statement of occupancy prior to the 10th of each month. Failure to file occupancy statement will result in billing for 100% occupancy.

Schedule A
(Volume Used in Cubic Feet)

Meter Size (inches)	<u>3/4"</u>	<u>1"</u>	<u>1 1/2"</u>	<u>2"</u>
Minimum Bill	\$ 10.00	\$ 16.70	\$ 33.30	\$ 53.30
Volume Charge				
Minimum Bill for the first:	268	447	890	1424
\$3.16 for all above:	268	447	890	1424
Water Pass Through Charge:	<u>Public \$1.33 per cubic foot</u>			

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TABLE 7 - SEWER RATES (EFFECTIVE OCTOBER 1, 2013)

Rates include a base charge and volume charges for each 100 cubic feet consumed over the base. There is also a pass through rate for each 100 cubic feet consumed for the purchase of water from the City of Fort Worth and the Trinity River Authority. (Pass through rates are subject to change annually by the City of Fort Worth and Trinity River Authority. The City of North Richland Hills does not mark up or make a profit off pass through rates.)

Commercial Multi Unit/Tenant**All Meter Sizes**

Base rate per unit, first 267 cubic feet	\$	10.00
Tier 1: 268 - 1,300	\$	3.10
Tier 2: 1,301 cubic feet and over	\$	3.16
Pass through rate:	\$	1.33

All Other Commercial/Industrial Classes**Three quarter inch meter**

Base: first 267 cubic feet	\$	10.00
Tier 1: 268 - 1,300	\$	3.10
Tier 2: 1,301 cubic feet and over	\$	3.16
Pass through rate:	\$	1.33

One inch meter

Base: first 446 cubic feet	\$	16.70
Tier 1: 890 - 1,300 cubic feet	\$	3.10
Tier 2: 1,301 cubic feet and over	\$	3.16
Pass through rate:	\$	1.33

One and one-half inch meter

Base: first 889 cubic feet	\$	33.30
Tier 1: 890 - 1,300 cubic feet	\$	3.10
Tier 2: 1,301 cubic feet and over	\$	3.16
Pass through rate:	\$	1.33

Two inch meter

Base: first 1,423 cubic feet	\$	53.30
Tier: 1,424 cubic feet and over	\$	3.16
Pass through rate:	\$	1.33

Three inch meter

Base: first 2,670 cubic feet	\$	100.00
Tier: 2,671 cubic feet and over	\$	3.16
Pass through rate:	\$	1.33

Four inch meter

Base: first 2,849 cubic feet	\$	106.70
Tier: 2,850 cubic feet	\$	3.16
Pass through rate:	\$	1.33

Six inch meter

Base: first 8,899 cubic feet	\$	333.30
Tier: 8,900 cubic feet and over	\$	3.16
Pass through rate:	\$	1.33

Eight inch meter

Base: first 16,020 cubic feet	\$	600.00
Tier: 16,021 cubic feet and over	\$	3.16
Pass through rate:	\$	1.33

Loading Dock/Tank Truck Customers

Volume rate for a all usage per 1,000 gallons	\$	3.00
Pass through rate:	\$	1.33

COMMERCIAL MULTI UNIT / TENANT SEWER RATES

Rates include a base charge per unit and volume charges for each 100 cubic feet. There is also a pass through rate for each 100 cubic feet for the treatment of sewage by the City of Fort Worth and the Trinity River Authority.

Base per unit:	\$	8.39
Volume:	\$	1.54
Pass through rate:	\$	1.00

ALL OTHER COMMERCIAL / INDUSTRIAL CLASSES SEWER RATES

Rates include a base charge .and volume charges for each 100 cubic feet. There is also a pass through rate for each 100 cubic feet for the treatment of sewage by the City of Fort Worth and the Trinity River Authority.

Base:	\$	8.39
Volume:	\$	1.54
Pass through rate:	\$	1.00

TABLE 8 – DEPOSITS

Schedule B (Water and Sewer Deposits) (Effective Jan 1, 2009)							
Customer Type	Water	Sewer without BOD/TSS	Total Deposit without BOD/TSS	Customer Type	Water	Sewer with BOD/TSS	Total Deposit with BOD/TSS
Residential:	\$ 60.00	\$ 40.00	\$ 100.00	Residential:	\$ -	\$ -	\$ -
All sizes:				All sizes:			
Commercial:				Commercial:			
3/4"	\$ 70.00	\$ 50.00	\$ 120.00	3/4"	\$ 70.00	\$ 200.00	\$ 270.00
1"	200.00	100.00	300.00	1"	200.00	275.00	475.00
1 ½"	380.00	350.00	730.00	1 ½"	380.00	700.00	1,080.00
2"	800.00	600.00	1,400.00	2"	800.00	1,200.00	2,000.00
3"	800.00	700.00	1,500.00	3"	800.00	1,300.00	2,100.00
4-8"	3,300.00	3,000.00	6,300.00	4-8"	3,300.00	6,000.00	9,300.00
Multi-family:				Multi-family:			
All Sizes/Per Unit	\$ 50.00	\$ 30.00	\$ 80.00	All Sizes/Per Unit	\$ -	\$ -	\$ -

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CITY OF SOUTHLAKE, TEXAS

TABLE 1 - WATERWORKS AND SEWER SYSTEM CONDENSED STATEMENT OF OPERATIONS

	Fiscal Year Ended September 30,				
<u>Revenues</u>	2013	2012	2011	2010	2009
Water and Sewer	\$ 22,688,615	\$ 22,388,851	\$ 22,550,002	\$ 18,815,054	\$ 19,276,241
Service Fees	117,817	62,887	21,054	82,302	32,992
Interest Income	25,227	46,212	123,805	155,106	593,538
Other Revenues	37,527	10,811	42,530	71,938	372,063
Total Revenues	<u>\$ 22,869,186</u>	<u>\$ 22,508,761</u>	<u>\$ 22,737,391</u>	<u>\$ 19,124,400</u>	<u>\$ 20,274,834</u>
<u>Expenses</u>					
Water Purchased	\$ 7,789,859	\$ 8,252,217	\$ 7,734,229	\$ 6,520,881	\$ 6,059,407
Other Expenses	6,141,497	10,741,371	9,681,242	9,639,823	8,883,655
Total Expenses	<u>\$ 13,931,356</u>	<u>\$ 18,993,588</u>	<u>\$ 17,415,471</u>	<u>\$ 16,160,704</u>	<u>\$ 14,943,062</u>
Net Available for Debt Service	<u>\$ 8,937,830</u>	<u>\$ 3,515,173</u>	<u>\$ 5,321,920</u>	<u>\$ 2,963,696</u>	<u>\$ 5,331,772</u>
Water Customers	9,765	9,543	9,515	9,223	9,207
Sewer Customers	7,918	7,522	7,410	7,091	7,075

TABLE 2 - COVERAGE AND FUND BALANCES

As of September 30, 2013, the City no longer has water and sewer revenue debt outstanding.

TABLE 3 - AUTHORIZED BUT UNISSUED REVENUE BONDS

As of September 30, 2013, the City has no authorized but unissued revenue bonds.

TABLE 4 - HISTORICAL WATER CONSUMPTION DATA

Fiscal Year Ended	Number of Pumped Gallons	Average Daily	Peak Daily	Revenues
9/30	(in Billions)	Pumped	Pumped	Received
2009	3,238,063	10,241,268	25,247,000	\$ 13,482,665
2010	4,191,076	11,482,401	27,824,000	12,844,190
2011	4,456,000	12,210,744	21,925,000	16,025,193
2012	3,573,648	9,764,065	23,091,000	15,764,701
2013	3,472,212	9,512,909	23,328,000	16,357,002

TABLE 5 - TEN LARGEST WATER CUSTOMERS

Customer	Fiscal 2013 Water Usage		Revenue	% of Revenue
	Gallons	% of Usage		
Carroll Independent School District	65,924,529	1.90%	\$ 350,359	2.14%
City of Southlake-Parks	34,600,028	1.00%	200,009	1.22%
RPAI Southwest Management	32,527,952	0.94%	182,245	1.11%
Verizon Wireless	27,647,854	0.80%	137,105	0.84%
Gateway Church	16,094,789	0.46%	82,674	0.51%
Timarron Owners Assoc	13,797,604	0.40%	82,480	0.50%
Heartland Hotel Corp DBA Hilton	12,278,100	0.35%	51,318	0.31%
Cencor Realty Services, Inc.	11,519,033	0.33%	57,941	0.35%
Toll Brothers	11,281,835	0.32%	55,114	0.34%
Southlake Dunhill Holdings II LTD	9,200,705	0.26%	47,440	0.29%

TABLE 6 - MONTHLY WATER RATES (EFFECTIVE JANUARY 1, 2013)

		Residential	
		Inside City (1" METER)	Outside City (1" METER)
First 2,000	gallons	\$ 31.75 (Minimum)	\$ 40.98 (Minimum)
2,001-10,000	gallons	3.73 per 1,000 gallons	3.73 per 1,000 gallons
10,001-25,000	gallons	4.32 per 1,000 gallons	4.32 per 1,000 gallons
25,001-40,000	gallons	4.61 per 1,000 gallons	4.61 per 1,000 gallons
Over 40,001	gallons	5.38 per 1,000 gallons	5.38 per 1,000 gallons

Elderly/Hardship Waiver Rates:

First 2,000	gallons	\$13.74 (Minimum)
2001 +	gallons	3.32 per 1,000 gallons

		Commercial					
		Meter Size					
Gallons		1.0"	2.0"	3.0"	4.0"	6.0"	8.0"
First 3,000		\$49.93					
First 5,000							
First 7,000			\$114.99				
First 10,000				\$164.93			
First 12,000					\$197.46		
First 15,000						\$247.40	
First 18,000							\$297.34

3,001 - 10,000	gallons	\$3.73	per 1,000 gallons
10,001 - 25,000	gallons	4.32	per 1,000 gallons
25,001 - 40,000	gallons	4.61	per 1,000 gallons
Over - 40,001	gallons	5.38	per 1,000 gallons

TABLE 7 - MONTHLY SEWER RATES

Residential and Commercial	
First 2,000 gallons	\$26.16
2,001-10,000	\$3.00

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APPENDIX C

**CERTAIN FINANCIAL AND OPERATING DATA OF
CENTRAL REGIONAL WASTEWATER SYSTEM ENTERPRISE FUND**

TRINITY RIVER AUTHORITY OF TEXAS

PROPRIETARY FUNDS STATEMENT OF NET POSITION NOVEMBER 30, 2013

	MAJOR ENTERPRISE FUNDS			
	CENTRAL REGIONAL WASTEWATER	TARRANT COUNTY WATER SUPPLY	LIVINGSTON WALLISVILLE PROJECTS	TEN MILE CREEK REGIONAL WASTEWATER
Assets				
Current Assets:				
Cash	\$ 250	100	5,503	300
Equity in Pooled Cash and Investments	15,359,159	3,857,168	526,859	1,793,253
Accounts Receivable, Net of Allowance	2,712	-	33,240	-
Accounts Receivable - Contracting Parties	945,718	2,269,790	649,548	-
Contract Receivable - Current	-	-	-	-
Interest Receivable	-	-	-	-
System Contribution Receivable - Current	-	-	-	-
Prepays and Other Assets	122,594	14,317	2,064	95,863
Inventory	775,981	-	-	-
Due from Other Authority Funds	89,580	-	-	-
Total Current Assets	17,295,994	6,141,375	1,217,214	1,889,416
Restricted Assets:				
Equity in Pooled Cash and Investments	209,155,503	28,537,245	277,401	37,472,343
Money Market Fund	50,377,062	-	-	5,257,479
US Government Agency and Instrumentality Obligations	149,229,944	3,744,451	-	15,002,250
Accounts Receivable	2,918	72,050	-	2,162,248
Accounts Receivable - Contracting Parties	-	-	-	-
Accrued Investment Income	171,175	4,274	-	10,243
Due from Other Authority Funds	-	-	-	-
Prepays and Other Assets	14,840	607	-	1,113
Total Restricted Assets	408,951,442	32,358,627	277,401	59,905,676
Direct Financing Arrangement Receivable	-	-	-	-
Capital Assets:				
Land and Easements	20,786,847	3,323,779	52,262,032	4,392,575
Water Storage Rights	-	-	10,580,707	-
Sewage System and Extensions	948,254,178	-	-	143,388,975
Accumulated Depreciation	(355,709,657)	-	-	(52,903,088)
Buildings	-	-	-	-
Accumulated Depreciation	-	-	-	-
Recreational Facilities	-	-	-	-
Accumulated Depreciation	-	-	-	-
Reservoir and Facilities	-	-	50,638,059	-
Accumulated Depreciation	-	-	(17,607,640)	-
Water Transportation and Treatment Facilities	-	211,887,927	-	-
Accumulated Depreciation	-	(59,845,167)	-	-
Machinery and Equipment	8,411,908	1,264,186	1,070,553	1,697,278
Accumulated Depreciation	(5,986,076)	(1,042,208)	(827,403)	(1,466,417)
Construction-in-Progress	176,934,365	1,383,712	-	7,712,115
Total Capital Assets, Net	792,691,565	156,972,229	96,116,308	102,821,438
Other Assets:				
Deferred Charges - Unamortized Bond Expense	16,273,289	1,335,546	-	2,711,653
Contract Receivable - Long Term	-	-	-	-
System Contribution Receivable	-	-	-	-
Total Other Assets	16,273,289	1,335,546	-	2,711,653
Total Assets	\$ 1,235,212,290	196,807,777	97,610,923	167,328,183

	MAJOR ENTERPRISE FUNDS			
	CENTRAL REGIONAL WASTEWATER	TARRANT COUNTY WATER SUPPLY	LIVINGSTON WALLISVILLE PROJECTS	TEN MILE CREEK REGIONAL WASTEWATER
Liabilities				
Current Liabilities:				
Payable from Current Assets:				
Accounts Payable and Accrued Expenses	\$ 2,340,574	278,654	159,278	232,924
Accounts Payable - Contracting Parties	4,876,376	2,331,573	-	1,007,822
System Contribution Payable - Current	-	-	-	-
Contracts Payable - Current Maturities	-	-	116,820	-
Unearned Revenue	2,209	961	3,649	480
Due to Other Authority Funds	143,311	50,782	31,783	54,726
Accrued Interest on Contracts Payable	-	-	273,646	-
Claims Payable	-	-	-	-
Payable from Restricted Assets:				
Accounts and Retainage Payable	14,435,028	744,322	-	1,331,389
Accounts Payable - Contracting Parties	-	-	-	-
Revenue Bonds - Current Maturities	35,245,000	6,085,000	-	3,675,000
Accrued Interest on Bonds Payable	9,573,405	2,379,455	-	1,286,516
Due to Other Authority Funds	-	-	-	-
Unearned Revenue	-	-	-	-
Total Current Liabilities	66,615,903	11,870,747	585,176	7,588,857
Long-Term Liabilities:				
Revenue Bonds Payable, Less Current Maturities	911,815,000	134,915,000	-	121,725,000
Unamortized Bond Premium (Discount)	9,204,266	2,534,905	-	227,404
Deferred Amount on Refunding	(3,995,177)	(1,801,233)	-	(519,925)
Deferred Interest Payable	-	-	-	-
Uncommitted Contracts Payable	-	-	-	-
Accounts Payable and Accrued Expenses	440,548	51,812	62,784	104,472
Unearned Revenue	-	-	-	-
Other Post Employment Benefits	-	-	-	-
Contracts Payable, Less Current Maturities	-	-	9,148,320	-
System Contribution Payable	-	-	-	-
Total Long-Term Liabilities, Net	917,464,637	135,700,484	9,211,104	121,536,951
Total Liabilities	\$ 984,080,540	147,571,231	9,796,280	129,125,808
Net Position				
Net Investment in Capital Assets	\$ 185,835,876	30,265,699	86,851,168	28,283,908
Restricted for:				
Debt Service	54,702,898	15,543,254	-	9,179,475
Construction	-	-	277,401	-
Other Purpose	1,100,000	-	-	250,000
Unrestricted	9,492,976	3,427,593	686,074	488,992
Total Net Position	\$ 251,131,750	49,236,546	87,814,643	38,202,375

PROPRIETARY FUNDS
STATEMENT OF NET POSITION
NOVEMBER 30, 2013

	NONMAJOR ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS
Assets			
Current Assets:			
Cash	\$ 42,384	48,537	175
Equity in Pooled Cash and Investments	9,518,124	31,054,563	4,797,998
Accounts Receivable, Net of Allowance	25,079	61,031	198,135
Accounts Receivable - Contracting Parties	515,453	4,380,509	-
Contract Receivable - Current	16,559	16,559	-
Interest Receivable	17,961	17,961	-
System Contribution Receivable - Current	182,079	182,079	-
Prepays and Other Assets	148,567	383,405	360,507
Inventory	-	775,981	-
Due from Other Authority Funds	-	89,580	552,360
Total Current Assets	10,466,206	37,010,205	5,909,175
Restricted Assets:			
Equity in Pooled Cash and Investments	80,839,022	356,281,514	-
Money Market Fund	34,516,905	90,151,446	-
US Government Agency and Instrumentality Obligations	18,259,730	186,236,375	-
Accounts Receivable	19,079	2,256,295	-
Accounts Receivable - Contracting Parties	51,533	51,533	-
Accrued Investment Income	25,197	210,889	-
Due from Other Authority Funds	51	51	-
Prepays and Other Assets	2,126	18,686	-
Total Restricted Assets	133,713,643	635,206,789	-
Direct Financing Arrangement Receivable	6,706,833	6,706,833	-
Capital Assets:			
Land and Easements	9,114,627	89,879,860	-
Water Storage Rights	67,247,684	77,828,391	-
Sewage System and Extensions	207,503,817	1,299,146,970	-
Accumulated Depreciation	(37,657,297)	(446,270,042)	-
Buildings	383,933	383,933	-
Accumulated Depreciation	(306,336)	(306,336)	-
Recreational Facilities	1,483,801	1,483,801	-
Accumulated Depreciation	(1,289,960)	(1,289,960)	-
Reservoir and Facilities	4,286,148	54,924,207	-
Accumulated Depreciation	(2,785,996)	(20,393,636)	-
Water Transportation and Treatment Facilities	45,116,439	257,004,366	-
Accumulated Depreciation	(23,904,371)	(83,749,538)	-
Machinery and Equipment	1,941,994	14,385,919	1,242,719
Accumulated Depreciation	(1,333,585)	(10,655,689)	(713,242)
Construction-in-Progress	26,413,460	212,443,652	-
Total Capital Assets, Net	296,214,358	1,444,815,898	529,477
Other Assets:			
Deferred Charges - Unamortized Bond Expense	6,681,349	27,001,837	-
Contract Receivable - Long Term	45,190,714	45,190,714	-
System Contribution Receivable	1,787,562	1,787,562	-
Total Other Assets	53,659,625	73,980,113	-
Total Assets	\$ 500,760,665	2,197,719,838	6,438,652

	NONMAJOR ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS
Liabilities			
Current Liabilities:			
Payable from Current Assets:			
Accounts Payable and Accrued Expenses	\$ 864,876	3,876,306	327,977
Accounts Payable - Contracting Parties	3,763,380	11,979,151	-
System Contribution Payable - Current	182,079	182,079	-
Contracts Payable - Current Maturities	291,358	408,178	-
Unearned Revenue	651	7,950	-
Due to Other Authority Funds	109,428	390,030	104,691
Accrued Interest on Contracts Payable	190,267	463,913	-
Claims Payable	-	-	423,124
Payable from Restricted Assets:			
Accounts and Retainage Payable	3,643,412	20,154,151	-
Accounts Payable - Contracting Parties	2,817	2,817	-
Revenue Bonds - Current Maturities	12,000,000	57,005,000	-
Accrued Interest on Bonds Payable	3,171,348	16,410,724	-
Due to Other Authority Funds	51	51	-
Unearned Revenue	91,911	91,911	-
Total Current Liabilities	24,311,578	110,972,261	855,792
Long-Term Liabilities:			
Revenue Bonds Payable, Less Current Maturities	281,070,000	1,449,525,000	-
Unamortized Bond Premium (Discount)	2,176,417	14,142,992	-
Deferred Amount on Refunding	(703,172)	(7,019,507)	-
Deferred Interest Payable	44,405,190	44,405,190	-
Uncommitted Contracts Payable	26,284,063	26,284,063	-
Accounts Payable and Accrued Expenses	114,024	773,640	89,336
Unearned Revenue	23,859	23,859	-
Other Post Employment Benefits	-	-	405,797
Contracts Payable, Less Current Maturities	6,845,738	15,994,058	-
System Contribution Payable	1,787,562	1,787,562	-
Total Long-Term Liabilities, Net	362,003,681	1,545,916,857	495,133
Total Liabilities	\$ 386,315,259	1,656,889,118	1,350,925
Net Position			
Net Investment in Capital Assets	\$ 82,640,340	413,876,991	529,477
Restricted for:			
Debt Service	26,467,088	105,892,715	-
Construction	-	277,401	-
Other Purpose	136,895	1,486,895	-
Unrestricted	5,201,083	19,296,718	4,558,250
Total Net Position	\$ 114,445,406	540,830,720	5,087,727

RECONCILIATION OF NET POSITION:

Enterprise Funds	\$ 540,830,720
Internal Service Funds Allocated to	
Business-Type Activities	4,271,086
Business-Type Activities, Government-Wide	<u>\$ 545,101,806</u>

The accompanying notes are an integral part of the financial statements.

TRINITY RIVER AUTHORITY OF TEXAS

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2013

	MAJOR ENTERPRISE FUNDS			
	CENTRAL REGIONAL WASTEWATER	TARRANT COUNTY WATER SUPPLY	LIVINGSTON WALLISVILLE PROJECTS	TEN MILE CREEK REGIONAL WASTEWATER
Operating Revenues:				
Wastewater Contract Revenue	\$ 88,306,683	-	-	12,050,538
Water Supply Contract Revenue	-	30,547,238	-	-
Water Storage Contract Revenue	-	-	3,856,067	-
Raw Water Contract Revenue	-	-	-	-
Direct Financing Arrangement Revenue	-	-	-	-
Recreational Facilities Fees	-	-	-	-
Reclaimed Wastewater Revenue	618,997	-	-	-
Professional Fees	564,827	-	154,260	-
Management Fees	-	-	-	-
Insurance Premiums	-	-	-	-
Other	1,711,658	72,453	154,859	2,037
Total Operating Revenues	91,202,165	30,619,691	4,165,186	12,052,575
Operating Expenses:				
Personal Services	11,233,246	1,472,995	1,630,705	1,567,109
Supplies	6,799,326	1,471,404	155,263	689,511
Other Services and Charges	17,596,590	14,334,282	1,788,995	3,146,145
Depreciation	21,927,416	5,050,655	906,133	3,053,427
Total Operating Expenses	57,556,578	22,329,336	4,481,096	8,456,192
Operating Income (Loss)	33,645,587	8,290,355	(315,910)	3,596,383
Non-Operating Revenues (Expenses):				
Interest Expense	(23,740,770)	(6,867,664)	(298,828)	(3,150,648)
Amortization of Bond Sale Expense	(1,107,255)	(116,051)	-	(161,336)
Investment Income	709,740	62,935	1,345	82,272
Paying Agent Fees	(4,100)	(700)	-	(900)
SEC Disclosure Fees	(22,167)	(7,000)	-	(12,250)
Other	49,338	14,669	7,390	72,230
Total Non-Operating Revenues (Expenses) - Net	(24,115,214)	(6,913,811)	(290,093)	(3,170,632)
Income (Loss) Before Contributions, Contribution Refunds, and Transfers	9,530,373	1,376,544	(606,003)	425,751
CONTRIBUTIONS	599,142	19,794	-	-
CONTRIBUTION REFUNDS	-	-	-	-
TRANSFERS IN	63,819	18,390	2,260	7,000
TRANSFERS OUT	(22,670)	-	-	(13,449)
Change in Net Position	10,170,664	1,414,728	(603,743)	419,302
Net Position - December 1, 2012	240,961,086	47,821,818	88,418,386	37,783,073
Net Position - November 30, 2013	\$ 251,131,750	49,236,546	87,814,643	38,202,375

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2013

	NONMAJOR ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS
Operating Revenues:			
Wastewater Contract Revenue	\$ 22,021,197	122,378,418	-
Water Supply Contract Revenue	9,794,858	40,342,096	-
Water Storage Contract Revenue	5,244,258	9,100,325	-
Raw Water Contract Revenue	2,914,304	2,914,304	-
Direct Financing Arrangement Revenue	206,166	206,166	-
Recreational Facilities Fees	784,737	784,737	-
Reclaimed Wastewater Revenue	-	618,997	-
Professional Fees	-	719,087	3,739,388
Management Fees	-	-	2,287,860
Insurance Premiums	-	-	5,020,005
Other	113,536	2,054,543	-
Total Operating Revenues	41,079,056	179,118,673	11,047,253
Operating Expenses:			
Personal Services	3,322,357	19,226,412	7,868,130
Supplies	1,544,655	10,660,159	524,108
Other Services and Charges	13,522,625	50,388,637	2,319,129
Depreciation	6,019,604	36,957,235	144,561
Total Operating Expenses	24,409,241	117,232,443	10,855,928
Operating Income (Loss)	16,669,815	61,886,230	191,325
Non-Operating Revenues (Expenses):			
Interest Expense	(12,065,428)	(46,123,338)	-
Amortization of Bond Sale Expense	(461,284)	(1,845,926)	-
Investment Income	190,532	1,046,824	9,356
Paying Agent Fees	(5,853)	(11,553)	-
SEC Disclosure Fees	(66,583)	(108,000)	-
Other	30,071	173,698	15,773
Total Non-Operating Revenues (Expenses) - Net	(12,378,545)	(46,868,295)	25,129
Income (Loss) Before Contributions, Contribution Refunds, and Transfers	4,291,270	15,017,935	216,454
CONTRIBUTIONS	67,283	686,219	-
CONTRIBUTION REFUNDS	(708,647)	(708,647)	-
TRANSFERS IN	1,203,437	1,294,906	153,410
TRANSFERS OUT	(1,195,442)	(1,231,561)	(288,320)
Change in Net Position	3,657,901	15,058,852	81,544
Net Position - December 1, 2012	110,787,505	525,771,868	5,006,183
Net Position - November 30, 2013	\$ 114,445,406	540,830,720	5,087,727

RECONCILIATION OF CHANGE IN NET POSITION:

Enterprise Funds, Change in Net Position	\$	15,058,852
Internal Service Funds, Change in Net Position		81,544
Allocation of Internal Service Funds Operating Income to Governmental Activities		(58,135)
Business-Type Activities, Change in Net Position	\$	15,084,261

The accompanying notes are an integral part of the financial statements.

TRINITY RIVER AUTHORITY OF TEXAS

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2013

	MAJOR ENTERPRISE FUNDS			
	CENTRAL REGIONAL WASTEWATER	TARRANT COUNTY WATER SUPPLY	LIVINGSTON WALLISVILLE PROJECTS	TEN MILE CREEK REGIONAL WASTEWATER
Cash Flows from Operating Activities:				
Cash Received from Customers	\$ 94,866,489	32,392,310	4,012,984	13,058,360
Cash Received from Other Authority Funds for Services	804,944	-	-	-
Cash Received (Refunded) on Direct Financing Arrangement Receivable	-	-	-	-
Other Operating Cash Receipts	-	72,453	283,823	2,037
Cash Received for Claim Refunds	-	-	-	-
Cash Paid for Claims	-	-	-	-
Cash Payments for Premiums and Administration	-	-	-	-
Cash Payments to Customers	(2,634,410)	(794,062)	-	(369,026)
Cash Payments to Suppliers for Goods and Services	(21,758,211)	(15,482,302)	(1,567,122)	(3,189,746)
Cash Payments for Employee Services	(11,476,037)	(1,481,048)	(1,676,708)	(1,616,654)
Cash Payments to Other Authority Funds for Services	(2,503,599)	(462,736)	(434,733)	(695,511)
Net Cash Provided by (Used for) Operating Activities	57,299,176	14,244,615	618,244	7,189,460
Cash Flows from Non-Capital Financing Activities:				
Transfers from Other Authority Funds	50,370	18,390	2,260	7,000
Transfers to Other Authority Funds	(22,670)	-	-	-
Other Cash Receipts (Payments)	37,456	12,868	1,729	72,230
Net Cash Provided by (Used for) Non-Capital Financing Activities	65,156	31,258	3,989	79,230
Cash Flows from Capital and Related Financing Activities:				
Acquisition and Construction of Capital Assets Exclusive of Capitalized Interest	(65,958,331)	(1,795,715)	(126,542)	(6,395,292)
Principal Paid on Revenue Bond Maturities	(28,020,000)	(5,805,000)	-	(3,515,000)
Interest Paid on Revenue Bonds and Related Fees	(30,620,255)	(7,215,081)	-	(3,821,603)
Principal Payments on Contracts Payable	-	-	(113,173)	-
Interest Paid on Contracts Payable	-	-	(302,169)	-
Proceeds from Issuance of Bonds	25,975,214	4,938,351	-	10,502,645
Arbitrage Refund	-	-	-	-
Paying Agent Fees	(4,100)	(700)	-	(900)
Proceeds from the Sale of Capital Assets	14,781	1,801	7,352	-
SEC Disclosure Fees	(22,167)	(7,000)	-	(12,250)
Contribution Received (Refunded)	599,142	-	-	-
System Contribution Refund	-	-	-	-
Net Cash Provided by (Used for) Capital and Related Financing Activities	(98,035,716)	(9,883,344)	(534,532)	(3,242,400)
Cash Flows from Investing Activities:				
Purchase of Investments	(154,032,527)	-	-	(15,000,000)
Proceeds from Sales and Maturities of Investments	89,825,000	4,565,000	-	-
Cash Received for Investment Income	792,290	70,589	1,345	69,988
Net Cash Provided by (Used for) Investing Activities	(63,415,237)	4,635,589	1,345	(14,930,012)
Total Change in Cash and Cash Equivalents	(104,086,621)	9,028,118	89,046	(10,903,722)
Cash and Cash Equivalents, Beginning of Year	378,978,595	23,366,395	720,717	55,427,097
Cash and Cash Equivalents, End of Year	\$ 274,891,974	32,394,513	809,763	44,523,375

	MAJOR ENTERPRISE FUNDS			
	CENTRAL REGIONAL WASTEWATER	TARRANT COUNTY WATER SUPPLY	LIVINGSTON WALLISVILLE PROJECTS	TEN MILE CREEK REGIONAL WASTEWATER
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Operating Income (Loss)	\$ 33,645,587	8,290,355	(315,910)	3,596,383
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation	21,927,416	5,050,655	906,133	3,053,427
Change in Assets and Liabilities:				
Due to Other Authority Funds	(334,785)	(33,828)	(53,862)	(72,529)
Due from Other Authority Funds	23,245	-	5,680	-
Accounts Receivable - Contracting Parties	(430,353)	(486,500)	156,917	-
Contracts Receivable	-	-	-	-
Interest Receivable	-	-	-	-
Long-Term Accounts Receivable - Contracting Parties	-	-	-	-
Accounts Receivable - Other	33,080	-	(18,137)	-
Claim Refunds Receivable	-	-	-	-
Prepays and Other Assets	17,122	(13,703)	(2,004)	(12,244)
Inventory	(61,692)	-	-	-
Accounts Payable - Contracting Parties	2,241,966	1,537,510	-	638,796
Accounts Payable and Accrued Expenses	237,223	(100,267)	(60,627)	(14,643)
Claims Payable	-	-	-	-
OPEB Obligation	-	-	-	-
Direct Financing Arrangement Receivable	-	-	-	-
Unearned Revenue	367	393	54	270
Total Adjustments	23,653,589	5,954,260	934,154	3,593,077
Net Cash Provided by (Used for) Operating Activities	\$ 57,299,176	14,244,615	618,244	7,189,460
Supplemental Noncash Disclosures:				
Gain/Loss on Disposal of Capital Assets	\$ 8,734	-	-	-
Amortization of Bond Premium/Discount	(2,474,774)	(447,259)	-	(8,745)
Amortization of Deferred Amount on Refunding	1,113,869	244,574	-	65,815
Change in Estimated Arbitrage Liability	(5,230)	-	-	-
Deferral of Interest Expense on Uncommitted Portion of Long-Term Debt	-	-	-	-
Change in Fair Value of Investments	(68,830)	(4,131)	-	(2,250)
Change in Liabilities Related to Capital Assets	(1,663,317)	(247,568)	-	155,292
Bond Selling Costs Retained from Bond Proceeds	575,285	147,382	-	231,438
Bond Proceeds Deposited in Trust for Defeasance of Debt	(26,913,373)	-	-	-
Change in Assets Related to Capital Assets	(2,781)	(607)	-	(363)
Transfer of Capital Assets	13,449	-	-	(13,449)

TRINITY RIVER AUTHORITY OF TEXAS

(continued- 3)

**PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2013**

	NONMAJOR ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS
Cash Flows from Operating Activities:			
Cash Received from Customers	\$ 40,554,912	184,885,055	-
Cash Received from Other Authority Funds for Services	-	804,944	11,855,083
Cash Received (Refunded) on Direct Financing Arrangement Receivable	917,500	917,500	-
Other Operating Cash Receipts	117,142	475,455	-
Cash Received for Claim Refunds	-	-	298,404
Cash Paid for Claims	-	-	(3,659,028)
Cash Payments for Premiums and Administration	-	-	(733,603)
Cash Payments to Customers	(1,722,046)	(5,519,544)	-
Cash Payments to Suppliers for Goods and Services	(12,858,830)	(54,856,211)	(2,306,478)
Cash Payments for Employee Services	(3,429,107)	(19,679,554)	(3,800,316)
Cash Payments to Other Authority Funds for Services	(2,355,646)	(6,452,225)	(782,370)
Net Cash Provided by (Used for) Operating Activities	21,223,925	100,575,420	871,692
Cash Flows from Non-Capital Financing Activities:			
Transfers from Other Authority Funds	12,810	90,830	153,410
Transfers to Other Authority Funds	(4,815)	(27,485)	(288,320)
Other Cash Receipts (Payments)	12,915	137,198	1,063
Net Cash Provided by (Used for) Non-Capital Financing Activities	20,910	200,543	(133,847)
Cash Flows from Capital and Related Financing Activities:			
Acquisition and Construction of Capital Assets Exclusive of Capitalized Interest	(21,584,280)	(95,860,160)	(292,592)
Principal Paid on Revenue Bond Maturities	(10,360,000)	(47,700,000)	-
Interest Paid on Revenue Bonds and Related Fees	(8,826,248)	(50,483,187)	-
Principal Payments on Contracts Payable	(278,625)	(391,798)	-
Interest Paid on Contracts Payable	(388,918)	(691,087)	-
Proceeds from Issuance of Bonds	28,657,944	70,074,154	-
Arbitrage Refund	16,202	16,202	-
Paying Agent Fees	(5,853)	(11,553)	-
Proceeds from the Sale of Capital Assets	2,293	26,227	14,710
SEC Disclosure Fees	(66,583)	(108,000)	-
Contribution Received (Refunded)	67,283	666,425	-
System Contribution Refund	(708,647)	(708,647)	-
Net Cash Provided by (Used for) Capital and Related Financing Activities	(13,475,432)	(125,171,424)	(277,882)
Cash Flows from Investing Activities:			
Purchase of Investments	(44,328,989)	(213,361,516)	-
Proceeds from Sales and Maturities of Investments	26,000,000	120,390,000	-
Cash Received for Investment Income	235,182	1,169,394	9,356
Net Cash Provided by (Used for) Investing Activities	(18,093,807)	(91,802,122)	9,356
Total Change in Cash and Cash Equivalents	(10,324,404)	(116,197,583)	469,319
Cash and Cash Equivalents, Beginning of Year	135,240,839	593,733,643	4,328,854
Cash and Cash Equivalents, End of Year	\$ 124,916,435	477,536,060	4,798,173

	NONMAJOR ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Operating Income (Loss)	\$ 16,669,815	61,886,230	191,325
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation	6,019,604	36,957,235	144,561
Change in Assets and Liabilities:			
Due to Other Authority Funds	(180,709)	(675,713)	(50,444)
Due from Other Authority Funds	3,233	32,158	745,130
Accounts Receivable - Contracting Parties	(257,763)	(1,017,699)	12,296
Contracts Receivable	(3,785,362)	(3,785,362)	-
Interest Receivable	370	370	-
Long-Term Accounts Receivable - Contracting Parties	1,527	1,527	-
Accounts Receivable - Other	3,874	18,817	(5,256)
Claim Refunds Receivable	-	-	(104,115)
Prepays and Other Assets	(6,865)	(17,694)	(202,001)
Inventory	-	(61,692)	-
Accounts Payable - Contracting Parties	1,655,116	6,073,388	-
Accounts Payable and Accrued Expenses	(172,857)	(111,171)	(8,940)
Claims Payable	-	-	108,205
OPEB Obligation	-	-	40,931
Direct Financing Arrangement Receivable	1,292,500	1,292,500	-
Unearned Revenue	(18,558)	(17,474)	-
Total Adjustments	4,554,110	38,689,190	680,367
Net Cash Provided by (Used for) Operating Activities	\$ 21,223,925	100,575,420	871,692
Supplemental Noncash Disclosures:			
Gain/Loss on Disposal of Capital Assets	\$ -	8,734	-
Amortization of Bond Premium/Discount	(377,706)	(3,308,484)	-
Amortization of Deferred Amount on Refunding	190,639	1,614,897	-
Change in Estimated Arbitrage Liability	-	(5,230)	-
Deferral of Interest Expense on Uncommitted Portion of Long-Term Debt	3,801,246	3,801,246	-
Change in Fair Value of Investments	38,913	(36,298)	-
Change in Liabilities Related to Capital Assets	1,030,110	(725,483)	(37,314)
Bond Selling Costs Retained from Bond Proceeds	783,264	1,737,369	-
Bond Proceeds Deposited in Trust for Defeasance of Debt	-	(26,913,373)	-
Change in Assets Related to Capital Assets	3,114	(637)	-
Transfer of Capital Assets	-	-	-

RECONCILIATION OF CASH AND CASH EQUIVALENTS AT END OF YEAR:

<i>Current Assets:</i>	
Cash	\$ 48,537
Equity in Pooled Cash and Investments	31,054,563
<i>Restricted Assets:</i>	
Equity in Pooled Cash and Investments	356,281,514
Money Market Fund	90,151,446

CASH AND CASH EQUIVALENTS AT END OF YEAR \$ 477,536,060

The accompanying notes are an integral part of the financial statements.

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NOTES TO THE BASIC FINANCIAL STATEMENTS



**TRINITY RIVER AUTHORITY OF TEXAS
ANNUAL FINANCIAL REPORT
FISCAL YEAR 2013**

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TRINITY RIVER AUTHORITY OF TEXAS

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Trinity River Authority of Texas ("Authority"), a governmental agency and political subdivision of the State of Texas, have been prepared in conformity with generally accepted accounting principles ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accounting and reporting policies of the Authority conform to accounting principles generally accepted in the United States of America as prescribed by GASB. The more significant of the Authority's accounting policies are described below.

Reporting Entity. The Authority was created by the State Legislature of Texas as a conservation and reclamation district in 1955. The Authority is governed by a Board of Directors who are appointed by the Governor of the State of Texas for a term of six years.

The Authority is charged by state legislative mandate with three functions, which include maintenance of a Master Plan for basin-wide development, serving as the local sponsor for Federal water projects, and providing services authorized by the Texas Legislature within the defined territory of the Authority. Public services currently provided by the Authority include wastewater treatment, water treatment, water storage, raw water, and recreation.

In addition to the above services, the Authority has entered into agreements with contracting parties to issue tax exempt financing for municipal water and wastewater facilities for the benefit of the contracting parties. These agreements are recorded in separate enterprise funds. The entities for which the tax exempt financing was issued have contracted with the Authority to pay all related debt service. The Authority's Board of Directors exercises financial accountability over each enterprise fund.

Under the auspices of the Trinity River Industrial Development Authority ("TRIDA"), tax exempt financing for industrial development projects has been provided in the past. During this fiscal year, TRIDA was dissolved as all outstanding TRIDA bonds were paid off. The final year of TRIDA activity is included in the Authority's basic financial statements as a discretely presented component unit in accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14, the Financial Reporting Entity, as amended by GASB Statement No. 39, Determining Whether Certain Organizations Are Component Units and GASB Statement No. 61, the Financial Reporting Entity: Omnibus.

All members of the TRIDA Board of Directors are also members of the Board of Directors of the Trinity River Authority of Texas. All actions of the TRIDA Board are subject to final approval by the Board of Directors of the Trinity River Authority of Texas and the Trinity River Authority is entitled to the resources of TRIDA.

Government-Wide Financial Statements. The Statement of Net Position and the Statement of Activities display information about the Authority and its discretely presented component unit. These statements include the financial activities of the overall government. These statements distinguish between governmental and business-type activities of the Authority. Governmental activities, which are normally supported by inter-governmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues of the business-type activities of the Authority and for each function of the Authority's governmental activities. Direct expenses are those that are specifically associated with a program or function. Program revenues include: 1) charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meet the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

Eliminations have been made to minimize double counting of internal activities. Internal receivables, payables, and transfers between funds are eliminated in the process of converting to government-wide financial statements. Internal program revenues, general revenues, and related expenses are not eliminated.

When both restricted and unrestricted resources are available, unrestricted resources are used only after restricted resources have been depleted.

Fund Financial Statements. The fund financial statements provide information about the Authority's individual funds. Separate statements for each fund category - governmental and proprietary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in separate columns. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. The fund financial statements present all governmental, enterprise and internal service funds as follows:

Governmental Funds. The Authority's only major governmental fund is the General Fund. The General Fund accounts for the general government operations and administration, which are financed principally from administration, operation and maintenance, and development phase administrative overhead charges made to enterprise and other funds.

Nonmajor governmental funds of the Authority are comprised of the Clean Rivers Program Special Revenue Fund, Water Sales Special Revenue Fund, and the Debt Service Fund.

Proprietary Funds. The Authority's proprietary funds are comprised of enterprise and internal service funds. Enterprise Funds account generally for (1) projects that are financed and operated by the Authority and for which the recipient parties have agreed by contractual arrangement to pay the Authority for certain costs (see Revenue Recognition) and (2) projects that are financed but not operated by the Authority (see Direct Financing Agreements). Contractual arrangements generally require separate accounting for each project. Internal Service Funds account for services provided by one fund to other Authority funds on a cost reimbursement basis. Accounting standards require that internal service funds are never reported as major funds.

Major proprietary funds reported are Central Regional Wastewater System, Tarrant County Water Supply Project, Livingston-Wallisville Projects, and Ten Mile Creek Regional Wastewater System.

Central Regional Wastewater System. This fund is used to account for wastewater treatment services provided through contracts with the cities of Addison, Arlington, Bedford, Carrollton, Colleyville, Dallas, Euless, Coppell, Farmers Branch, Fort Worth, Grand Prairie, Irving, Grapevine, Hurst, Mansfield, North Richland Hills, Duncanville, Keller, Cedar Hill, Southlake, and the Dallas-Fort Worth International Airport.

Tarrant County Water Supply Project. This fund is used to account for the sale and delivery of treated water to the cities of Euless, Bedford, Colleyville, Grapevine and North Richland Hills.

Livingston-Wallisville Projects. This fund accounts for the operation and maintenance of the Livingston reservoir facilities.

Ten Mile Creek Regional Wastewater System. This fund is used to account for the activities of the Ten Mile Creek Wastewater Disposal System and the Authority's contracts for wastewater treatment with the cities of Cedar Hill, DeSoto, Duncanville, Ferris and Lancaster.

The Authority reports a number of nonmajor funds which are reported in the combining statements. Final debt service payments were made during the fiscal year on two nonmajor enterprise funds, Cade Branch Wastewater Interceptor Extension Project and Huntsville Wastewater Project. As there will be no further activity in either fund, the funds were closed during the fiscal year.

Measurement Focus and Basis of Accounting. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All proprietary funds and the government-wide financial statements are reported using the economic resources measurement focus. All governmental funds are reported using a current financial resources measurement focus.

(continued- 2)

Governmental funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, generally within 60 days of year-end. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

The government-wide financial statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and sewer services which are accrued as of year-end. Expenses are recognized at the time the liability is incurred. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net position.

During fiscal year 2013, the Authority implemented the following new accounting standards:

GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, was issued in December 2010 to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. The standard addresses SCAs in which there is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The statement also includes required disclosures about the SCAs. The adoption of this Statement had no significant impact on the financial statements.

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34* was issued in November 2010 to improve financial reporting for a governmental financial reporting entity. The standard modifies certain requirements for inclusion of component units, amends criteria for blending, and clarifies the reporting of equity interests in legally separate entities. The adoption of this Statement had no significant impact on the financial statements.

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* was issued in December 2010 to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: (1) Financial Accounting Standards Board (FASB) Statements and Interpretations (2) Accounting Principles Board Opinions and (3) Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. The adoption of this Statement had no significant impact on the financial statements.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* was issued in June 2011 to establish guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position. This Statement's adoption resulted in slight changes to the terminology used in the financial statements.

Net Position. Net position represents the difference between assets and liabilities. Net position reported as Net Investment in Capital Assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing spent for the acquisition, construction or improvements of those assets. The debt related to unspent bond proceeds is not deducted from the capital asset balance in this calculation. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position represents the remaining portion of net position.

(continued- 3)

Fund Balance. The Authority reports several components of fund balance in its governmental funds. The various categories include the following:

Nonspendable. Those amounts that are not in spendable form or that are legally or contractually required to be maintained intact.

Restricted. Those amounts that have externally enforceable constraints placed on their use, which could arise from creditors, grantors, laws or regulations of other governments, enabling legislation, or constitutional provisions.

Committed. Those amounts that can only be used for the purposes set forth by the Authority's highest level of decision-making authority and formal action is required to establish, modify, or rescind the commitment.

Assigned. Those amounts the Authority has authorized or intended to be used for a specific purpose, but that is not restricted or committed.

Unassigned. Those amounts that are not restricted, committed, or assigned.

Revenue Recognition. Revenues in the proprietary funds are recorded when earned. The Authority frequently constructs facilities to provide service to others which are financed in part by the issuance of its revenue bonds. Therefore, the recipients of the services generally contract to pay the Authority amounts equivalent to operating and maintenance expenses and the debt service requirements of the revenue bonds. Such amounts received for services are recorded as earned revenues when due in accordance with contract provisions. Generally, revenue bond debt service is predominantly applicable to interest in the early years, with the portion thereof applicable to principal retirements increasing in later years. Since depreciation of the related facilities is generally provided on the straight-line method (see Capital Assets), depreciation expense may exceed the portion of revenues received which is applicable to bond principal retirements in the early years. This may result in reporting operating losses in enterprise funds in early years which will reverse in later years.

The Authority recognizes operating revenues based upon the costs of providing services to its contracting parties. All other income that is not directly related to the provision of services is reported as non-operating revenue.

Budget and Budgetary Accounting. The Authority maintains control over operating expenditures/expenses in all operating funds by the establishment of an annual operating budget. The annual operating budget is adopted for all funds on a basis consistent with generally accepted accounting principles except for the proprietary funds in which capital outlays and bond principal payments are budgeted as expenses. The budget, as formally adopted by the Board of Directors, establishes the maximum authorization of operating funds to be expended by any fund. Any subsequent amendment thereto must be approved by the President of the Board of Directors and/or the Board of Directors. Amendments were not material in relation to the original authorizations except for the following funds: Water Sales Special Revenue Fund, Livingston Regional Water Supply System Fund, Walker-Calloway Branches Fund, and Bardwell Reservoir Enterprise Fund. Management is allowed to make revisions to individual line items of the budget, provided the maximum authorized budget is not exceeded. All unused budget authorizations lapse at the end of the year.

For funds containing capital assets under construction, construction budgets are formally adopted at the inception of the project by the Board of Directors, establishing the maximum authorization of funds to be expended for construction of capital assets. Any subsequent amendment thereto must be approved by the Board of Directors. Appropriations do not lapse at year-end. Certain operating items, such as depreciation, and other non-operating items are unbudgeted.

Cash and Investments. The Authority maintains a cash and investment pool that is available for use by all funds. Each fund's share in the pool is reported as "Equity in Pooled Cash and Investments" in that fund's statement of net position. In addition, investments are separately held by several of the Authority's funds.

The investment policies of the Authority are in accordance with the State of Texas Public Funds Investment Act. This Act provides for investment in a variety of investment types, including, but not limited to, direct obligations of

(continued- 4)

the United States of America or its agencies, direct obligations of the state of Texas and its agencies, certain repurchase agreements, certificates of deposit issued by state and national banks and savings and loan associations domiciled in Texas and local government investment pools. The Authority's investment policy is more restrictive, allowing investments in direct obligations of the United States, the Federal Home Loan Bank, Federal Farm Credit Bank, Federal National Mortgage Association, Federal National Mortgage Acceptance Corporation, local government investment pools and certain repurchase agreements.

Investments are recorded at fair value and changes in the fair value of investments are reported as a component of investment income. Fair value is defined as the price at which a security would be exchanged in a transaction between a willing buyer and seller. Bond resolutions frequently provide that interest and profits from investments in certain restricted funds will be deposited into other funds. In such cases the investments are stated at fair value in the restricted funds and accrued interest receivable is included in the fund into which accrued interest is to be deposited when received - See Note 4.

Inventory. Inventory is valued at the lower of cost or market (first-in, first-out). Inventory in the Proprietary Fund Types consists primarily of supplies.

Short-term Interfund Receivables/Payables. During the course of operations, transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other Authority funds" or "due to other Authority funds" on the balance sheet.

Direct Financing Agreements. The Authority frequently sells its revenue bonds to provide financing of water or sewage facilities for others, but does not operate or maintain the facilities. Arrangements of this type are accounted for in the various enterprise funds as financing arrangements.

Restricted Assets. Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. In certain funds the "Revenue Fund" account is considered to be a restricted asset. In those cases the Revenue Fund is used to report resources received from the contracting parties to pay operating and maintenance expenses and debt service obligations. The "Construction Fund" account is used to report those proceeds of revenue bond issuances that are restricted for use in construction. The "Interest and Sinking Fund" account is used to segregate resources accumulated for debt service payments over the next twelve months or for early redemption of revenue bonds. The "Reserve Fund" account is used to report resources set aside to make up potential future deficiencies in the Interest and Sinking fund; in some cases, debt service reserve funds are funded in total or in part from proceeds of bond sales. The "Contingency Fund", "Emergency Fund", and "Research and Development" accounts are used to report resources set aside to meet unexpected contingencies or to fund asset renewals and replacements. The "Arbitrage Rebate Fund" account is used to report resources set aside to pay any excess investment earnings to the United States Treasury as may become due and payable.

Capital Assets. Capital assets, which include property, plant, equipment, infrastructure assets and water storage rights, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. Capital assets are defined as those assets greater than \$5,000 each with estimated useful lives in excess of two years. All purchased capital assets are recorded at historical cost. Donated capital assets are recorded at their estimated fair value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Assets acquired are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Depreciation of capital assets is charged as an expense against operations. Accumulated depreciation is reported on the statements of net position. Depreciation is generally recorded on the straight-line basis over the estimated life of the assets. The estimated useful lives are as follows:

Reservoir facilities	100 years
Buildings	40 years
Sewage and water treatment facilities	40 years
Machinery and equipment	3-10 years

(continued- 5)

Interest is capitalized on proprietary fund type capitalized assets. The amount of interest capitalized is calculated by multiplying the funds weighted average interest rate by the fund's average accumulated capital outlays for construction projects in progress.

The Authority has Water Storage Rights recorded in the Navarro Mills Reservoir Enterprise Fund, the Bardwell Reservoir Enterprise Fund, and the Joe Pool Lake Enterprise Fund. The Water Storage Rights are based on adjudicated water rights owned by the Authority relating to water storage. The adjudicated water rights have an indefinite life and the respective reservoirs are also considered to have an indefinite life. The cost assigned to the Water Storage Rights is the Authority's share of the cost of constructing the reservoir. In accordance with GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, the Authority does not amortize the cost assigned to the water rights.

Long-Term Liabilities. Long-term liabilities to finance governmental funds are reported in the governmental activities column of the government-wide statement of net position. Long-term liabilities to finance enterprise funds are paid by revenues collected based on contractual arrangements and are accounted for in the appropriate enterprise funds in the combining financial statements. See Note 10.

During fiscal year 2013, the Authority eliminated the Pollution Control Facilities Enterprise Fund and the associated debt from its financial statements. See conduit debt note disclosure (Note 12). As the net position of this fund was \$0, this change did not impact the Authority's beginning net position. However, any individual balances impacted by this change have been restated throughout this report for comparative purposes.

Compensated Absences. Accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a liability of the governmental funds that will pay the liability. Amounts of accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as long-term liabilities in the Governmental Activities. Accumulated vacation leave of the proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees.

An employee may accumulate up to thirty days of paid vacation. Earned vacation above thirty days must be taken prior to the end of each fiscal year. Vacation in excess of thirty days will be forfeited. In addition to paid vacation, full-time employees also earn sick leave at the rate of eight hours per month. Part-time employees earn sick leave proportionate to the number of hours worked per week. The maximum accumulation of accrued sick leave is limited to one hundred and twenty days. At the end of each fiscal year, an employee may convert the number of sick leave days earned but unused within the fiscal year to vacation days on a 3-to-1 basis, with a limit of nine days of sick leave for three days of vacation.

In the event of an employee's retirement, resignation, or other termination the employee is entitled to compensation for unused sick leave up to a maximum of ninety days. An employee is eligible to receive sick leave pay if they reach age 65 or if the sum of their age and years of service with the Authority reaches 80. Sick leave is generally considered a long-term liability and is accrued in the appropriate proprietary fund and therefore in the government-wide business-type activities, or for General Fund and Water Sales employees, in the governmental activities at the government-wide Statement of Net Position.

Deferred Compensation Plan. The Authority offers its employees a Deferred Compensation Plan (the "Plan") consistent with Internal Revenue Code Section 457(a). Vesting in the Plan is immediate; assets are paid to an employee when that employee terminates employment, retires or experiences an unforeseeable emergency. Employees may contribute voluntarily to the Plan an amount not to exceed \$17,500, \$23,000 for employees age 50 and above, and \$35,000 for a three-year pre-retirement catch-up.

All amounts of compensation deferred under the Plan, all property and rights purchased with these amounts, and all income attributable to these amounts, property or rights, are solely the property and rights of the employees in accordance with IRS regulations. Accordingly, these amounts are not included in the Authority's financial statements. It is the opinion of the Authority's management that the Plan complies with all related IRS regulations.

(continued- 6)

Interfund Transactions. Certain interfund transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions are reported as transfers.

Statement of Cash Flows. For purposes of the Statement of Cash Flows, the proprietary funds consider all equity in pooled cash and investments, cash in banks, and money market funds (including restricted assets) to be cash equivalents.

2. FUND BALANCE CLASSIFICATIONS

Nonspendable. Fund Balance relating to prepaid expenses are reported as nonspendable.

Restricted. Fund Balance relating to contracts for research and educational projects are reported as restricted due to contractual agreements.

Committed. Fund Balance committed by the Authority's Board for specific purposes is reported as committed. During fiscal year 2011, the Authority's Board of Directors passed Resolution R-1330 committing the beginning fund balance of the Water Sales Special Revenue Fund and the incoming Water Sales revenue to the following purposes: Support of General Office (60%), Technical Studies and Educational Initiatives (30%), and Water Payments to the City of Houston (10%). During fiscal year 2013, revenue from the sale of water was allocated to those purposes based on the percentages approved by the Board. As of year-end, the Water Sales Special Revenue Fund reported committed fund balance as follows:

Support of General Office	\$2,999,368
Technical Studies and Education Initiatives	4,502,435
Water Payments to the City of Houston	<u>1,453,741</u>
Water Sales Committed Fund Balance	<u>\$8,955,544</u>

Assigned. The portion of Fund Balance included as a budgetary resource in the subsequent fiscal year's budget to eliminate the projected excess of expected expenditures over expected revenues is reported as assigned.

Unassigned. Those amounts that are not restricted, committed, or assigned are reported as unassigned.

3. RESTRICTED ASSETS

As of November 30, 2013, all Governmental Fund assets were unrestricted. Enterprise Fund restrictions at November 30, 2013 are as follows:

	Central Regional Wastewater	Tarrant County Water Supply	Livingston Wallisville Projects	Ten Mile Creek Regional Wastewater	Nonmajor Enterprise Funds
Restricted for:					
Revenue					\$54,350
Construction	\$343,429,909	\$14,435,918	\$277,401	\$49,189,685	103,107,328
Interest and Sinking	21,744,100	7,450,289		2,978,465	11,148,631
Reserve	42,532,203	10,472,420		7,487,526	19,266,439
Contingency				250,000	136,895
Emergency	1,000,000				
Research and Development	100,000				
Arbitrage Rebate	<u>145,230</u>				
Total Restricted	<u>\$408,951,442</u>	<u>\$32,358,627</u>	<u>\$277,401</u>	<u>\$59,905,676</u>	<u>\$133,713,643</u>

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4. DEPOSITS AND INVESTMENTS

Deposits. Carrying value of the Authority's deposits at year-end was (\$177,348), and the bank balance was \$1,894,027. The bank balance was fully collateralized by federal depository insurance and pledged collateral.

Investments. All of the Authority's investments at November 30, 2013 were purchased through brokers and are held by bank trust departments ("Agent") in the Authority's name. The Authority invests in the TexPool and TexStar local government pools. Pool shares are equal to the value of the investments in the pools.

Interest Rate Risk. The Authority's investment funds can be broadly categorized into four types: construction funds, operating funds, interest and sinking funds, and reserve funds. As a means of minimizing the Authority's exposure to fair value losses arising from interest rate fluctuations, the Authority's investment policy limits maturities based on the cash flow requirements of the funds. Investment maturities are limited as follows:

Construction Funds. The lesser of estimated project completion date or 5 years.

Operating Funds. Five years with a weighted average life to maturity of less than 3 years.

Interest and Sinking Funds. Not to exceed six months.

Reserve Funds. The lesser of the last maturing bond or 10 years.

Credit Risk. It is the Authority's policy to minimize the risk of loss due to the failure of a security issuer or grantor. Such risk is controlled by investing only in the safest types of securities through qualified financial institutions, brokers, and dealers with whom the Authority does business. Risk of loss is also minimized through collateralization of investments as required by law and through portfolio diversification by maturity and type.

The Authority monitors credit ratings of its investments through news media and Financial Advisory Services. If the ratings on an investment decline such that the investment is no longer allowed by the Texas Public Funds Investment Act, the investment will be immediately reinvested in accordance with the Public Funds Investment Act.

Concentration of Credit Risk. The Authority's Investment Policy allows for up to 100% of its funds to be invested in U.S. Treasury Bills and a maximum of 25% of its funds to be invested in callable agencies. No more than 50% of the Authority's funds may be invested in any one U.S. Government Agency or instrumentality, certificates of deposit, repurchase agreements, local government investment pools, or money market mutual funds.

As of November 30, 2013, 25% of the Authority's portfolio was invested in Federal Home Loan Bank securities, 3% in Federal Agriculture Mortgage Corporation securities, 13% in Federal Farm Credit securities, 2% in Federal National Mortgage Association securities, 14% in Federal Home Loan Mortgage Corporation securities, and 6% was invested in U.S. Treasury securities.

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Cash Equivalents and Investment Schedule. As of November 30, 2013 the Authority has the following cash equivalents and investments:

	<u>Fair Value*</u>	<u>Percent Distribution</u>	<u>Weighted Average Maturity (Days)</u>	<u>S & P Rating</u>
Money Market Funds	\$90,220,887	13.197%	1	AAAm
U.S. Government Agencies				
Federal Home Loan Bank	169,403,758	24.779%	167	AA+
Federal Agriculture Mtg. Corp.	20,023,100	2.929%	358	NR
Federal Farm Credit Banks	92,923,850	13.592%	480	AA+
Federal Home Loan Mtg. Corp.	15,060,950	2.203%	409	AA+
Federal National Mtg. Assoc.	95,583,842	13.982%	298	AA+
Treasuries	38,540,475	5.637%	212	AA+
Total Securities	431,535,975	63.122%		
Investment Pools:				
TexPool	79,560,581	11.638%	1	AAAm
TexStar	82,046,030	12.001%	1	AAAm
Accrued Investment Income**	468,137	0.068%	1	
Cash	(177,348)	(0.026%)	1	
Total Cash and Investments	\$683,654,262	100.000%		

* Fair Value is the amount at which a security could be exchanged in a current transaction between willing parties, other than in a forced liquidation. In accordance with GASB 31, all investments are recorded at fair value.

** A portion of accrued investment income is included in investment pools at year-end.

Local government pools operate as money market funds under the Public Funds Investment Act, which require they maintain a AAAm or equivalent rating from a nationally recognized rating service. The Authority's investment pools are rated AAAm and operate in full compliance with the PFIA and rating agency requirements. The pools are exempted from SEC registration and the requirements of Rule 2a-7 pertaining to registered money market funds; however, similar to Rule 2a-7, they seek to maintain a stable net asset value of \$1 per unit.

Investment Policy. The Authority has adopted a written Investment Policy in compliance with the requirements of the Texas Public Funds Investment Act of 1987, Chapter 2256 of the Texas Government Code. Stated objectives include preservation and safety of principal, maintenance of adequate liquidity and marketability, portfolio diversification and realization of maximum allowable market yields. The Authority's investments conform to Texas state law, federal regulations, applicable bond resolution requirements, and other conditions established by its Investment Policy.

5. DIRECT FINANCING AGREEMENTS

As of November 30, 2013, Sendera Ranch Project Enterprise Fund had a direct financing arrangement receivable of \$6,100,000 net of unearned income of \$744,517 and Denton Creek Wastewater Pressure Interceptor had a direct financing arrangement receivable of \$606,833 net of unearned income of \$123,569.

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6. INTERFUND ACTIVITY

Interfund Balances. Interfund balances at November 30, 2013 consist of the following individual fund receivables and payables:

	<u>Receivables</u>	<u>Payables</u>
Governmental Funds:		
General Fund	\$268,137	\$145,405
Nonmajor Governmental Funds	2,418	272,369
Proprietary Funds:		
Enterprise Funds:		
Central Regional Wastewater	89,580	143,311
Tarrant County Water Supply	-	50,782
Livingston-Wallisville	-	31,783
Ten Mile Creek Regional Wastewater	-	54,726
Nonmajor Enterprise Funds	51	109,479
Internal Service Funds	552,360	104,691
Total Interfund Receivables and Payables	\$912,546	\$912,546

Various bond resolutions provide that interest from investments in certain restricted funds within an enterprise fund shall be deposited in certain restricted funds or in current assets. Amounts shown as Due from (to) Restricted Assets and Due from (to) Current Assets represent residual amounts that have not been transferred.

Interfund Transfers. Interfund transfers were made during the year for various operating and non-operating purposes, including refunding excess insurance premiums charged in previous years and transferring pledged water sales revenue and Administrative Overhead related to General Improvement Bonds. Such amounts are reflected as transfers in and transfers out in the operating statements of the funds as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds:		
General Fund	\$2,140,572	\$1,993,959
Nonmajor Governmental Funds	3,852,917	3,927,965
Proprietary Funds:		
Enterprise Funds:		
Central Regional Wastewater	63,819	22,670
Tarrant County Water Supply	18,390	-
Livingston-Wallisville	2,260	-
Ten Mile Creek Regional Wastewater	7,000	13,449
Nonmajor Enterprise Funds	1,203,437	1,195,442
Internal Service Funds	153,410	288,320
Total Transfers In and Out	\$7,441,805	\$7,441,805

(continued- 10)

7. CAPITAL ASSETS

Capital Asset Activity. Capital Asset activity for the fiscal year ended November 30, 2013 is as follows:

Governmental Activities

	Balance 12/1/2012	Additions/ Transfers	Deletions/ Transfers	Balance 11/30/2013
Nondepreciable Capital Assets:				
Land and Easements	\$635,810	-	-	635,810
Total Nondepreciable Capital Assets	635,810	-	-	635,810
Depreciable Capital Assets:				
Buildings and Improvements	7,832,550	-	-	7,832,550
Machinery and Equipment	3,428,212	5,958,779	(101,665)	9,285,326
Total Depreciable Capital Assets	11,260,762	5,958,779	(101,665)	17,117,876
Accumulated Depreciation	(5,636,325)	(310,957)	101,665	(5,845,617)
Total Governmental Activities	\$6,260,247	5,647,822	-	11,908,069

Business-Type Activities

	Balance 12/1/2012	Additions/ Transfers	Deletions/ Transfers	Balance 11/30/2013
Nondepreciable Capital Assets:				
Land and Easements	\$88,914,245	1,057,534	(91,919)	89,879,860
Construction-in-progress	217,416,114	100,354,772	(105,327,234)	212,443,652
Water Storage Rights	77,828,391	-	-	77,828,391
Total Nondepreciable Capital Assets	384,158,750	101,412,306	(105,419,153)	380,151,903
Depreciable Capital Assets:				
Sewage and Water Treatment and Related Facilities	1,451,289,300	107,049,870	(2,187,834)	1,556,151,336
Buildings and Improvements	383,933	-	-	383,933
Recreational Facilities	1,475,083	8,718	-	1,483,801
Reservoir and Related Facilities	54,894,503	29,704	-	54,924,207
Machinery and Equipment	14,687,334	1,453,175	(511,871)	15,628,638
Total Depreciable Capital Assets	1,522,730,153	108,541,467	(2,699,705)	1,628,571,915
Accumulated Depreciation	(526,758,751)	(38,198,163)	1,578,471	(563,378,443)
Total Business-Type Activities	\$1,380,130,152	171,755,610	(106,540,387)	1,445,345,375

(continued- 11)

Depreciation Allocation. In the Government-wide statement of activities, depreciation is allocated to each function as follows:

General Government and Administration	\$310,957
Wastewater	29,717,757
Water Supply	6,312,641
Water Storage	1,026,296
Recreation	45,102
Total Depreciation Expense	\$37,412,753

Transferred Capital Assets. As all debt obligations of the Cade Branch Wastewater Interceptor Extension Project Enterprise Fund have been satisfied, the related capital assets were transferred at the end of fiscal year 2013 to Denton Creek Regional Wastewater System Enterprise Fund. The transfer included \$91,919 of Land and Easements, \$2,187,833 of Sewage System and Extensions, and \$1,089,125 of related Accumulated Depreciation.

During fiscal year 2013, Ten Mile Creek Regional Wastewater System transferred \$20,691 of Machinery and Equipment and \$7,242 of related Accumulated Depreciation to Central Regional Wastewater System.

Capitalized Interest. The Authority capitalized interest at November 30, 2013 in connection with construction as follows:

Fund	Capitalized Interest
Central Regional Wastewater	\$5,163,606
Tarrant County Water Supply	76,785
Ten Mile Creek Regional Wastewater	747,714
Denton Creek Regional Wastewater	328,161
Red Oak Creek Regional Wastewater	54,066
Mountain Creek Regional Wastewater	217,824
Huntsville Regional Water Supply	128,876
Livingston Regional Water Supply	31,714
Denton Creek Wastewater Graham Branch	182,802
Total Capitalized Interest	\$6,931,548

8. COMMITMENTS

The Authority was obligated at November 30, 2013 under contracts for construction of various projects. The major construction obligations for projects in progress during 2013 are as follows:

Fund	Construction Contracts		Engineering Contracts	
	Committed	Incurred	Committed	Incurred
Central Regional Wastewater	\$248,692,672	\$157,287,502	\$74,599,303	\$53,848,704
Tarrant County Water Supply	3,808,562	64,880	4,621,312	3,210,947
Ten Mile Creek Regional Wastewater	17,630,453	16,210,247	10,339,312	6,821,969
Denton Creek Regional Wastewater	8,472,332	4,762,539	7,868,438	6,269,469
Red Oak Creek Regional Wastewater	-	-	3,538,260	2,613,408
Mountain Creek Regional Wastewater	8,264,348	8,186,823	921,497	677,158
Huntsville Regional Water Supply	16,724,134	9,617,202	750,000	361,829
Livingston Regional Water Supply	16,148,000	1,210,148	418,430	40,168
Walker-Calloway Branches	-	-	270,950	261,409
Northeast Lakeview Wastewater	-	-	175,000	173,996
Total Commitments	\$319,740,501	\$197,339,341	\$103,502,502	\$74,279,057

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9. SYSTEM BUY-IN CONTRIBUTIONS

Mountain Creek Regional Wastewater System. On October 28, 2009, the Board of Directors of the Authority entered into a contract with the City of Venus to become a Contracting Party of the Mountain Creek Regional Wastewater System. The City of Venus agreed to a System Contribution Buy-In amount of \$1,550,000 payable in 20 annual installments of \$77,500 plus 5.5% interest on the unpaid balance. The annual payments, beginning December 2009, are to be allocated to the original Contracting Parties, City of Grand Prairie and City of Midlothian, based upon water flow rates of the current year and each subsequent year. The City of Venus is also obligated to pay system costs of service based on the volume of wastewater contributing flow. At November 30, 2013, the System Contribution balance due from the City of Venus is \$1,819,700 of which \$1,674,000 is due after one year and is recorded as a Long-Term System Contribution Payable. The System Contribution balance due to the Cities of Midlothian and Grand Prairie is \$1,819,000 of which \$1,674,000 is due after one year and is recorded as a System Contribution Receivable.

Denton Creek Regional Wastewater System. The Authority entered into a contract with the City of Northlake to become a Contracting Party of the Denton Creek Regional Wastewater System. The City of Northlake agreed to a System Contribution Buy-In amount of \$193,047 plus interest payable over five years. The annual payments, beginning fiscal year 2013, are to be allocated to the Contracting Parties based upon water flow rates of the current year and each subsequent year. The City of Northlake is also obligated to pay system costs of service based on the volume of wastewater contributing flow. At November 30, 2013, the System Contribution balance due from the City of Northlake is \$149,941 of which \$113,562 is due after one year and is recorded as a Long-Term System Contribution Payable. The System Contribution balance due to the Contracting Parties is \$149,941 of which \$113,562 is due after one year and is recorded as a System Contribution Receivable.

10. LONG-TERM LIABILITIES

Compensated Absences. Compensated absences are reported within accounts payable and accrued expenses in the Statement of Net Position.

Arbitrage Liabilities. Long-term arbitrage liabilities are reported within accounts payable and accrued expenses in the Statement of Net Position. Current arbitrage liabilities are reported with accounts and retainage payable in the Statement of Net Position.

Contracts Payable. In accordance with the terms of the contract between the Corps of Engineers and the Authority related to the contracts payable in Joe Pool Lake Enterprise Fund, interest on the uncommitted portion of the contracts payable began accruing on January 8, 1996. The principal and accumulated interest will be amortized over a fifty-year period as segments are committed. The contracting parties may defer payment of interest on the uncommitted portion, and certain cities have chosen that election. Deferred interest payments from the contracting parties have been recorded as long-term contract receivables. Accrued deferred interest payable and the related receivable as of November 30, 2013 is \$44,405,190.

Bond Issuance Costs. Deferred bond issuance costs are comprised of fees paid to underwriters and other issuance costs. These costs are being amortized over the term of the related bond indenture using the straight-line method. At November 30, 2013, unamortized deferred bond issuance costs were \$16,273,289, \$1,335,546, \$2,711,653 and \$6,681,349 in Central Regional Wastewater System, Tarrant County Water Supply Project, Ten Mile Creek Regional Wastewater System, and Nonmajor Enterprise Funds, respectively.

Bond Premiums and Discounts. Premiums and discounts on bonds are amortized using the effective interest rate method over the life of the bonds. At November 30, 2013, unamortized premiums net of unamortized discounts were \$9,204,266, \$2,534,905, \$227,404, and \$2,176,417 in Central Regional Wastewater System, Tarrant County Water Supply Project, Ten Mile Creek Regional Wastewater System and Nonmajor Enterprise Funds, respectively.

Deferred Amounts on Bond Refundings. Deferred amounts on refundings, including gains and losses, are amortized using the straight-line method over the shorter of the remaining life of the old debt or the life of the new debt. At November 30, 2013, unamortized deferred amounts on refundings were \$3,995,177, \$1,801,233, \$519,925 and \$703,172 in Central Regional Wastewater System, Tarrant County Water Supply Project, Ten Mile Creek Regional Wastewater System, and Nonmajor Enterprise Funds, respectively.

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Defeased Bonds. At times, the Authority defeases certain revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide all future debt service payments on the old bonds. Accordingly, the trust accounts and the defeased bonds are not included in the Authority's financial statements. The difference between the reacquisition price and the net carrying amount of the refunded debt is deferred and amortized using the straight line method as a component of interest expense over the life of the old debt or the new debt, whichever is shorter. As of November 30, 2013, the Authority does not have any outstanding bonds considered defeased.

Long-Term Liability Activity. The following is a summary of the long-term liability transactions for the fiscal year ended November 30, 2013:

Governmental Activities

	Balance 12/1/2012	Additions	Reductions	Balance 11/30/2013	Due Within One Year
Revenue Bonds	\$3,115,000	-	(135,000)	2,980,000	\$140,000
Notes Payable	-	2,875,000	-	2,875,000	382,007
Compensated Absences	692,434	329,702	(286,977)	735,159	341,720
Total Governmental Activities	\$3,807,434	3,204,702	(421,977)	6,590,159	\$863,727

Business-Type Activities

	Balance 12/1/2012 (as restated)	Additions	Reductions	Balance 11/30/2013	Due Within One Year
Enterprise Funds:					
Revenue Bonds	\$1,486,685,000	94,180,000	(74,335,000)	1,506,530,000	\$57,005,000
Contracts Payable:					
Committed	16,794,031	-	(391,795)	16,402,236	408,178
Uncommitted	26,284,063	-	-	26,284,063	
Deferred Interest Expense	40,603,944	3,801,246	-	44,405,190	
Premium/Discount	13,514,228	4,544,896	(3,916,132)	14,142,992	
Deferred Amount	(8,881,135)	246,735	1,614,893	(7,019,507)	
Arbitrage Liability	140,000	5,230	-	145,230	145,230
Compensated Absences	1,490,160	956,001	(817,712)	1,628,449	854,809
Internal Service Funds:					
Compensated Absences	217,584	158,453	(135,772)	240,265	150,929
Total Business-Type Activities	\$1,576,847,875	103,892,561	(77,981,518)	1,602,758,918	\$58,564,146

(continued- 14)

Debt Issued in 2013. On August 15, 2013, the Authority issued \$20,575,000 of Trinity River Authority of Texas Contract Revenue Bonds, Series 2013 (Livingston Regional Water Supply System Project), for the purpose of acquiring and constructing improvements and extensions to the Livingston Regional Water Supply System. The bonds bear interest at a rate of 2% to 5% and mature on August 1 of each year.

On October 10, 2013, the Authority issued \$24,060,000 of Trinity River Authority of Texas Regional Wastewater System Revenue Improvement Bonds, Series 2013, for the purpose of acquiring and constructing improvements, betterments, extensions, and replacements of the Authority's Central Regional Wastewater System to provide wastewater disposal system services to cities. The bonds bear interest at a rate of 3.25% to 5% and mature on August 1 of each year.

On October 10, 2013, the Authority issued \$25,345,000 of Trinity River Authority of Texas Regional Wastewater System Refunding Bonds, Series 2013 to refund Series 2003 Revenue Refunding Bonds. The refunding resulted in the recognition of an accounting gain of \$246,735 for the year ended November 30, 2013. The Authority in effect reduced its aggregate debt service payments by \$2,102,070 over the next three years and obtained an economic gain (difference between the present values of the old and new debt service payments) of \$1,978,609. The bonds bear interest at a rate of 2% to 5% and mature on August 1 of each year.

On October 22, 2013, the Authority issued \$5,000,000 of Trinity River Authority of Texas (Tarrant County Water Project) Improvement Revenue Bonds, Series 2013, for the purpose of acquiring and constructing improvements, betterments, extensions, and replacements of the Tarrant County Water Project to provide treated water services to contracting cities. The bonds bear interest at a rate of 2% to 5% and mature on February 1 of each year.

On October 22, 2013, the Authority issued \$4,540,000 of Trinity River Authority of Texas Red Oak Creek System Revenue Bonds, Series 2013, for the purpose of acquiring and constructing improvements and extensions to the Red Oak Creek Regional Wastewater System to provide wastewater disposal system services to cities. The bonds bear interest at a rate of 2% to 4.625% and mature on February 1 of each year.

On October 22, 2013, the Authority issued \$10,540,000 of Trinity River Authority of Texas Ten Mile Creek System Revenue Bonds, Series 2013, for the purpose of acquiring and constructing improvements and extensions to the Trinity River Authority of Texas Ten Mile Creek Regional Wastewater Treatment System to provide wastewater disposal system services to cities. The bonds bear interest at a rate of 3% to 4.75% and mature on August 1 of each year.

On October 22, 2013, the Authority issued \$4,120,000 of Trinity River Authority of Texas Denton Creek Regional Wastewater Treatment System Revenue Bonds, Series 2013, for the purpose of acquiring and constructing improvements and extensions to the Denton Creek Regional Wastewater Treatment System to provide wastewater disposal system services to cities. The bonds bear interest at a rate of 2% to 4.5% and mature on February 1 of each year.

On November 14, 2013, the Authority entered into a \$2,875,000 Promissory Note for the purpose of financing the acquisition of transportation equipment. The note bears interest at a fixed rate of 2.38% per annum and is payable in equal monthly installments.

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Revenue Bonds Outstanding. The following is a listing of outstanding Revenue Bonds by fund as of November 30, 2013:

Series	Original Principal Amount	Outstanding Principal Amount	Interest Rates	Purpose
<i>Central Regional Wastewater System Enterprise Fund:</i>				
2004	\$106,475,000	\$104,960,000	1.45% - 3.85%	Construction
2005	9,525,000	9,525,000	4.20% - 5.00%	Construction
2007	120,000,000	117,490,000	2.95% - 3.60%	Construction
2008	90,000,000	89,980,000	1.65% - 3.55%	Construction
2008R	62,020,000	22,840,000	4.00% - 5.00%	Refunding
2009	86,780,000	86,765,000	0.80% - 4.15%	Construction
2010	107,180,000	106,525,000	0.30% - 3.85%	Construction
2010A	127,005,000	127,005,000	0.10% - 3.25%	Construction
2011R	69,280,000	49,930,000	3.00% - 5.00%	Refunding
2011A	108,395,000	108,365,000	0.00% - 3.05%	Construction
2012	74,270,000	74,270,000	0.10% - 1.87%	Construction
2013	24,060,000	24,060,000	3.25% - 5.00%	Construction
2013R	25,345,000	25,345,000	2.00% - 5.00%	Refunding
		\$947,060,000		
<i>Tarrant County Water Supply Project Enterprise Fund:</i>				
2005	\$96,930,000	\$88,365,000	4.50% - 5.00%	Construction & Refunding
2008	50,355,000	47,635,000	4.00% - 5.75%	Construction
2013	5,000,000	5,000,000	2.00% - 5.00%	Construction
		\$141,000,000		
<i>Ten Mile Creek Regional Wastewater System Enterprise Fund:</i>				
2006	\$15,775,000	\$14,190,000	4.00% - 5.25%	Construction
2007	46,190,000	38,085,000	2.70% - 3.50%	Construction
2010R	7,745,000	5,695,000	2.00% - 4.00%	Refunding
2010	23,410,000	23,380,000	0.60% - 4.25%	Construction
2011	27,690,000	27,660,000	0.00% - 3.40%	Construction
2012R	5,850,000	5,850,000	2.00% - 2.50%	Refunding
2013	10,540,000	10,540,000	3.00% - 4.75%	Construction
		\$125,400,000		
<i>Denton Creek Regional Wastewater System Enterprise Fund:</i>				
2006	\$7,395,000	\$7,395,000	4.75% - 5.00%	Construction
2007	47,595,000	46,580,000	4.75% - 5.00%	Construction
2008	4,645,000	4,645,000	4.75% - 5.00%	Construction
2009	7,760,000	7,750,000	0.85% - 4.40%	Construction
2011	19,465,000	19,265,000	0.30% - 3.55%	Construction
2011A	37,765,000	37,765,000	0.30% - 3.55%	Construction
2011R	9,655,000	7,460,000	2.00% - 3.00%	Refunding
2012	14,035,000	14,035,000	0.04% - 2.45%	Construction
2013	4,120,000	4,120,000	2.00% - 4.50%	Construction
		\$149,015,000		

(continued- 16)

Series	Original Principal Amount	Outstanding Principal Amount	Interest Rates	Purpose
<i>Red Oak Creek Regional Wastewater System Enterprise Fund:</i>				
2003	\$15,925,000	\$1,760,000	3.00% - 4.50%	Refunding
2006	5,740,000	5,740,000	4.50%	Construction
2008	24,800,000	24,780,000	1.70% - 3.80%	Construction
2009	8,280,000	8,050,000	0.65% - 4.15%	Construction
2011	11,710,000	11,710,000	0.30% - 3.35%	Construction
2013	4,540,000	4,540,000	2.00% - 4.625%	Construction
		\$56,580,000		
<i>Mountain Creek Regional Wastewater System Enterprise Fund:</i>				
2009	\$1,705,000	\$1,705,000	3.60% - 5.45%	Construction
2011	11,015,000	11,015,000	0.25% - 3.50%	Construction
		\$12,720,000		
<i>Huntsville Regional Water Supply System Enterprise Fund:</i>				
2010R-A	\$1,795,000	\$810,000	2.00% - 2.51%	Refunding
2010R-B	1,755,000	1,030,000	2.00% - 3.00%	Refunding
2010R-C	6,725,000	4,540,000	1.00% - 4.79%	Refunding
2012	19,190,000	17,230,000	2.00% - 4.00%	Construction
		\$23,610,000		
<i>Livingston Regional Water Supply System Enterprise Fund:</i>				
2010	\$2,715,000	\$2,565,000	2.00% - 4.25%	Construction
2013	20,575,000	20,575,000	2.00% - 5.00%	Construction
		\$23,140,000		
<i>Trinity County Regional Water Supply System Enterprise Fund:</i>				
1981	\$2,178,000	\$1,050,000	5.00%	Construction
<i>Northeast Lakeview Wastewater Transportation Project Enterprise Fund:</i>				
2006	\$1,825,000	\$1,425,000	4.30% - 6.125%	Construction
2007	15,230,000	12,780,000	4.00% - 5.00%	Construction
		\$14,205,000		
<i>Denton Creek Wastewater Pressure Interceptor System Enterprise Fund:</i>				
2001R	\$4,885,000	\$1,435,000	4.00% - 5.00%	Refunding
<i>Denton Creek Wastewater Interceptor System (City of Fort Worth) Enterprise Fund:</i>				
2005R	\$1,930,000	\$960,000	3.50% - 4.00%	Refunding
<i>Denton Creek Transportation System (Graham Branch) Enterprise Fund:</i>				
2011	\$4,735,000	\$4,255,000	3.00% - 6.00%	Construction
<i>Senders Ranch Project Enterprise Fund:</i>				
2011R	\$6,795,000	\$6,100,000	2.00% - 4.00%	Refunding

(continued- 17)

Annual Debt Service Requirements to Maturity. Annual debt service requirements to maturity, exclusive of uncommitted contracts payable, at November 30, 2013 are summarized as follows:

Governmental Activities

Year Ending November 30	Revenue Bonds		Notes Payable		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$140,000	138,570	382,007	64,656	522,007	203,226
2015	150,000	132,060	391,198	55,084	541,198	187,144
2016	155,000	125,085	400,611	45,672	555,611	170,757
2017	160,000	117,878	410,250	36,032	570,250	153,910
2018	170,000	110,437	420,122	26,161	590,122	136,598
2019-2023	980,000	425,708	870,812	21,753	1,850,812	447,461
2024-2028	1,225,000	175,537	-	-	1,225,000	175,537
Total	\$2,980,000	1,225,275	2,875,000	249,358	5,855,000	1,474,633

Business-Type Activities

Year Ending November 30	Revenue Bonds		Contracts Payable		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$57,005,000	50,250,389	408,178	674,708	57,413,178	50,925,097
2015	64,025,000	49,049,677	425,406	657,478	64,450,406	49,707,155
2016	68,210,000	46,672,790	358,908	639,344	68,568,908	47,312,134
2017	71,380,000	44,295,631	372,022	626,232	71,752,022	44,921,863
2018	73,345,000	41,951,290	385,653	612,600	73,730,653	42,563,890
2019-2023	379,885,000	174,423,858	1,318,308	2,886,277	381,203,308	177,310,135
2024-2028	439,480,000	104,261,329	1,621,362	2,583,222	441,101,362	106,844,551
2029-2033	317,150,000	33,603,858	2,000,275	2,204,310	319,150,275	35,808,168
2034-2038	34,065,000	3,145,206	2,453,803	1,729,513	36,518,803	4,874,719
2039-2043	1,985,000	50,892	2,928,793	1,142,587	4,913,793	1,193,479
2044-2053	-	-	4,129,528	704,161	4,129,528	704,161
Total	\$1,506,530,000	547,704,920	16,402,236	14,460,432	1,522,932,236	562,165,352

11. PLEDGED REVENUE

Bonded debt of the Authority consists of revenue refunding bonds and revenue bonds, which is secured by and payable from net revenues of the Authority. Certain revenue bond issues contain provisions that allow the Authority to prepay or call the bonds. Specifically, net revenues from contracts between the Authority and its contracting parties have been pledged for repayment of the Authority's revenue bonds. The amount of the pledge is equal to the remaining outstanding debt service requirements for these bonds, which were all originally issued to provide funding for construction and capital improvement projects throughout the Authority. The pledge continues for the life of the bonds. For the year ended November 30, 2013, debt service of \$101,659,145 was secured by pledged revenues of \$92,604,169, escrowed cash of \$7,393,936, interest earned on accounts restricted for debt service of \$381,040, and proceeds from direct financing arrangements of \$1,280,000.

The various revenue bond indentures contain significant limitations and restrictions on annual debt service requirements, maintenance of and flow of monies through various restricted accounts, and minimum amounts to be maintained in various sinking funds. None of the revenue bond indentures contain bond coverage requirement provisions.

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The Authority's General Improvement Revenue Bonds are secured by and payable from revenues from the Water Sales Special Revenue Fund and administrative overhead charges from the General Fund. Specifically, fifty percent of revenues collected by the Water Sales Special Revenue Fund from certain water sales contracts and thirty percent of certain administrative overhead charges collected by the General Fund have been pledged for repayment of the bonds. The amount of the pledge is equal to the remaining outstanding debt service requirements and continues for the life of the bonds. For the year ended November 30, 2013, debt service of \$277,755 was secured by pledged revenues of \$277,345, and interest income earned on accounts restricted for debt service of \$410. In accordance with the provisions of the Series 2008 General Improvement Revenue Bonds, \$936,362 was transferred from the Water Sales Special Revenue Fund and \$1,993,145 was transferred from the General Fund to collateralize debt service expenditures. \$921,466 was returned to the Water Sales Special Revenue Fund and \$1,713,297 was returned to the General Fund after the debt service was paid.

12. CONDUIT DEBT – POLLUTION CONTROL BONDS

The Authority has entered into agreements with various companies to issue debt for the benefit of the companies. The companies make payments to service the debt through a trustee. The Authority has no obligation for this debt. Although authoritative standards did not require this presentation, the Authority chose in prior fiscal years to present the transactions of these agreements in a separate fund (Pollution Control Facilities Enterprise Fund). In the current year, the Authority eliminated the Pollution Control Facilities Enterprise Fund and the associated Pollution Control Bonds from its financial statements. Instead, the Authority chose to disclose the conduit debt information in the table below:

	Issue Date	Maturity Date	Interest Rate	Amount Authorized and Issued	Cumulative Amount Retired	Balance 11/30/13
TXU ELECTRIC COMPANY:						
Series 2000A - Refunded S1997B, which financed solid waste disposal facilities in Freestone County, Texas	2000	2028	6.25%	\$14,075,000	-	14,075,000
Series 2001A - Refunded S1996A and S1997A, which financed air and water pollution control facilities; including sewage and solid waste disposal facilities in Freestone County, Texas	2001	2027	Variable	37,000,000	-	37,000,000
				<u>51,075,000</u>	<u>-</u>	<u>51,075,000</u>
COMMUNITY WASTE DISPOSAL, L. P.:						
Series 2013A - Refunded S1999, S2001 and S2007 which financed solid waste disposal facilities	2013	2021	Variable	11,410,000	-	11,410,000
Series 2013B - Financed renovation, rehabilitation, and installation of solid waste disposal facilities	2013	2030	Variable	22,155,000	-	22,155,000
				<u>33,565,000</u>	<u>-</u>	<u>33,565,000</u>
TOTAL CONDUIT DEBT				<u>\$84,640,000</u>	<u>-</u>	<u>84,640,000</u>

13. CONTINGENCIES

The Authority is not presently named as a defendant or co-defendant in any legal actions. The Authority is presently party to an administrative action before the Equal Employment Opportunity Commission. While the outcome of that proceeding is not known at this time, Authority management is of the opinion that any awards to injured parties which must be paid in excess of amounts covered by insurance or by the Risk Retention Insurance Internal Service Fund will not be material to the financial position of the Authority.

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14. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The Authority maintains numerous enterprise funds which are classified into six types of operating segments. Segment information for the wastewater, water supply, water storage, raw water, recreation and financing segments for the year ended November 30, 2013 is as follows:

	Wastewater	Water Supply	Water Storage	Raw Water	Recreation	Financing
Other Current Assets	\$23,719,766	\$7,704,735	\$3,233,522	\$442,590	\$1,820,012	\$ -
Capital Assets	1,087,497,410	192,031,782	164,965,788	-	320,918	-
Other Assets	595,412,240	68,727,049	45,468,115	-	-	6,286,280
Due From Other TRA Funds	89,580	51	-	-	-	-
Due To Other TRA Funds	(294,971)	(50,833)	(36,294)	(660)	(7,323)	-
Other Current Liabilities	(88,827,839)	(19,416,307)	(1,442,230)	(131,191)	(18,352)	(746,261)
Long Term Liabilities	(1,272,563,490)	(181,037,412)	(86,746,095)	-	(29,841)	(5,540,019)
Net Investment in Capital						
Assets	\$248,320,498	\$42,154,003	\$123,081,572	\$ -	\$320,918	\$ -
Restricted	\$85,529,575	\$21,850,035	\$277,401	\$ -	\$ -	\$ -
Unrestricted	\$11,182,623	\$3,955,027	\$2,083,833	\$310,739	\$1,764,496	\$ -
Contract Revenue	\$122,378,418	\$40,342,096	\$9,100,325	\$2,914,304	\$ -	\$ -
Direct Financing Arrangement	-	-	-	-	-	206,166
Other Income	3,011,055	72,453	309,119	-	784,737	-
Expenses, Exclusive of Depreciation	(50,074,168)	(22,127,658)	(4,475,909)	(2,890,904)	(693,137)	(13,432)
Depreciation	(29,609,817)	(6,291,921)	(1,013,286)	-	(42,211)	-
Operating Income	45,705,488	11,994,970	3,920,249	23,400	49,389	192,734
Non-Operating Revenue (Expenses)	(34,393,685)	(7,830,953)	(4,467,699)	964	10,997	(187,919)
Contributions	599,142	87,077	-	-	-	-
Contribution Refunds	(8,618)	(700,029)	-	-	-	-
Transfers (Net)	43,090	22,330	2,260	-	480	(4,815)
Changes in Net Position	11,945,417	3,573,395	(545,190)	24,364	60,866	-
Net Position, Beginning	333,087,279	64,385,670	125,987,996	286,375	2,024,548	-
Net Position, Ending	\$345,032,696	\$67,959,065	\$125,442,806	\$310,739	\$2,085,414	\$ -
Operating Activities	\$78,957,043	\$19,738,456	\$1,237,606	(\$278,306)	\$65,559	\$855,062
Non Capital Financing Activities	158,233	35,198	3,989	-	7,938	(4,815)
Capital Financing Activities	(119,282,331)	(3,520,538)	(1,202,075)	-	(27,217)	(1,139,263)
Investing Activities	(96,504,464)	4,693,252	4,367	964	3,539	220
Cash & Cash Equivalents, Beginning	541,465,968	46,989,960	2,652,829	589,186	1,744,493	291,207
Cash & Cash Equivalents, Ending	\$404,794,449	\$67,936,328	\$2,696,716	\$311,844	\$1,794,312	\$2,411

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15. DEFINED CONTRIBUTION PLAN

The Authority provides pension benefits for all of its full-time employees through a defined contribution plan, Trinity River Authority of Texas Money Purchase Pension Plan, administered by Mass Mutual Financial Group. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Permanent full-time employees and part-time employees that work 1,000 hours per year are automatically enrolled after 6 months of service. The Board of Directors has approved a contribution amount equal to 12% of the employee's annual salary. The Authority's contributions for each employee (and interest allocated to the employee's account) are fully vested after 7 years continuous service. Authority contributions for, and interest forfeited by, employees who leave employment before three years of service are allocated to the participants. Any amendments to the plan's provisions or required contributions must be approved by the Board of Directors. The Authority's required 12% contribution for fiscal year 2013 amounted to \$2,240,133.

16. OTHER POST-EMPLOYMENT BENEFITS ("OPEB")

The Authority offers permanent full-time employees who are enrolled in the Authority's Staywell Health Program on the date they attain age 60 years of age or older, have been employed by the Authority for a minimum of 10 years, and who subsequently terminate employment, the continuation of coverage at the group rate for themselves (or a dependent spouse who is also covered under the Staywell Plan on the date the employee terminates employment), in the Staywell Health program until the attainment of age 65, or the date that they (or a dependent spouse) become eligible for Medicare or another employer's group health insurance coverage program whichever occurs sooner.

An employee who chooses to participate in this program pays the full group rate premium of the Staywell Health program, which is less than the premium the employee would pay for an independent health policy. The difference between the two premiums is considered a benefit and is referred to as an Implied Premium Subsidy. This Implied Premium Subsidy is considered a future liability and a current cost of the health plan. The cost that is recognized annually is the Current Year Normal Cost for the fiscal year plus the amortization of the Actuarial Accrued Liability (AAL). The AAL is the accrual of the Actuarial Present Value of the Implied Premium Subsidy benefits attributed to current Authority employees as of December 1, 2011.

The Authority has established an Other Post-Employment Benefits (OPEB) Contingency Fund in the Staywell Health Insurance Internal Service Fund to match the accrued costs of the Implied Premium Subsidy benefits. This fund is not an irrevocable trust and therefore does not reduce the reported liability. As of November 30, 2013, the Net OPEB cost is \$95,344 and the Annual Required Contribution (ARC) is \$101,850.

The Authority's annual OPEB cost (expense) is calculated based on the ARC, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize, using the level dollar method, any unfunded actuarial liability (or funding excess) over a period not to exceed thirty years.

As of December 1, 2011, the most recent actuarial valuation date, the OPEB plan was 0% funded. The accrued actuarial liability for benefits was \$706,844 and the actuarial value of assets was \$0, resulting in an Unfunded Actuarial Liability (UAAL) of \$706,844. The covered payroll (annual covered payroll of active employees covered by the plan) was \$19,795,342, and the ratio of the UAAL to covered payroll was 3.6%.

Significant Assumptions - Actuarial liabilities were computed using one unit credit actuarial cost method. Liabilities were valued as of the measurement date of December 1, 2011, using a discount rate of 4% per annum, which assumes no prefunding of the liability. The RP-2000 Combined Mortality Table was used and withdrawal rates were taken from Table T7 of the Actuary's Pension Handbook. For purposes of benefit election, it was assumed that 30% of employees who elect coverage while in active employment will elect continued coverage in retirement and 50% of members electing coverage will elect coverage for a spouse.

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Annual Required Contribution and Net OPEB Obligation

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Discount Rate	4%	4%	4%
Determination of Annual Required Contribution			
Normal Cost at Fiscal Year End	\$60,973	\$60,973	\$57,858
Amortization of Actuarial Accrued Liability	<u>40,877</u>	<u>40,877</u>	<u>40,123</u>
Annual Required Contribution	101,850	101,850	97,981
Determination of Annual OPEB Cost			
Annual Required Contribution	101,850	101,850	97,981
Interest on Net OPEB Obligation	14,595	12,623	5,446
Adjustment	<u>(21,101)</u>	<u>(18,250)</u>	<u>(7,874)</u>
Annual OPEB Cost	<u>95,344</u>	<u>96,223</u>	<u>95,553</u>
Determination of Net OPEB Obligation			
Net OPEB Obligation - Beginning of Year	364,866	315,575	220,022
Annual OPEB Cost	95,344	96,223	95,553
Employer Contributions Paid	<u>(54,413)</u>	<u>(46,932)</u>	
Change in Net OPEB Obligation	<u>40,931</u>	<u>49,291</u>	<u>95,553</u>
Net OPEB Obligation - End of Year	<u>\$405,797</u>	<u>\$364,866</u>	<u>\$315,575</u>
Percentage of Annual Cost Contributed	57%	49%	0%

17. RISK FINANCING

Risk Retention. The Authority established a Risk Retention Insurance Internal Service Fund ("Risk Retention") to provide risk retention programs for property casualty, general liability, directors' and officers' liability, automobile liability, and workers' compensation. Risk Retention receives monies from other Authority funds, invests these monies, receives investment interest, and disburses monies for insurance premiums and payment of claims under the retention levels. Under each program, insurance has been obtained from an insurance company for each claim incurred which exceeds specified retention levels as follows:

Property Casualty Insurance – excluding flood and earthquake	\$5,000
Property Casualty Insurance – flood and earthquake	\$25,000
General Liability Insurance	\$5,000
Directors' and Officers' Liability Insurance	\$5,000
Automobile Collision and Comprehensive Insurance	\$1,000
Workers' Compensation Insurance	Full Coverage

There were no significant reductions in insurance coverage from the prior year and no settlements exceeded coverage in the last three years.

Staywell. The Authority has established a Staywell Health Insurance Internal Service Fund ("Staywell"). The purpose of Staywell is to provide a self-insurance program with respect to medical claims of the Authority's employees and their covered dependents. At November 30, 2013, self-insurance was in effect for losses up to \$75,000 per person per year for specific claims and \$2,000,000 per person per year for aggregate claims. Additionally, if total losses for the Authority for the year in the aggregate exceed \$4,752,680, all additional losses are insured by a private insurance carrier. Premiums are established at a level adequate to pay all reinsurance and administrative expenses, and all estimated claims incurred by participants.

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GASB Statement No. 10 requires that a claims liability be accrued if information prior to the issuance of the financial statements indicates that a probable liability has been incurred at the date of the financial statements and the amount can be reasonably estimated. This includes claims reported but not paid and claims incurred but not reported. The Authority records a Claims Payable for these claims based on the Authority's experience, claim trends, and transactions occurring after the fiscal year end. Actual claim liabilities depend on complex factors such as the health of the participating employees and their dependents. The estimate used in computing the estimated claims liability could differ from actual results. Claim liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims and other economic and social factors. As of November 30, 2013, the Authority has recognized Claims Payable of \$418,667. Changes in the medical claims liability amount in fiscal year 2012 and 2013 were:

<u>Fiscal Year</u>	<u>Beginning Claims Payable</u>	<u>Claims and Changes in Estimates*</u>	<u>Claim Payments</u>	<u>Ending Claims Payable</u>
2012	\$447,204	\$3,037,325	\$3,169,610	\$314,919
2013	\$314,919	\$3,314,314	\$3,210,566	\$418,667

**Amount is net of claim refunds*

18. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

Total expenses and transfers out for the following funds exceeded budgeted amounts for the year ended November 30, 2013 as follows:

<u>Fund</u>	<u>Expenses and Transfers in Excess of Budget</u>
Debt Service Fund	\$411,145
Cade Branch Wastewater Interceptor Extension	\$1,188,060
Huntsville Wastewater Project	\$1,547

19. NEW PRONOUNCEMENTS

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* was issued in March 2012. This Statement establishes accounting and financial reporting standards that reclassify certain items that were previously reported as assets and liabilities and recognizes them as outflows of resources or inflows of resources. This standard becomes effective for the Authority in fiscal year 2014.

GASB Statement No. 66, *Technical Corrections - 2012 - an Amendment of GASB Statements No. 10 and No. 62* was issued in March 2012. This Statement amends Statement No. 10, Accounting and Financial Report for Risk Financing and Related Insurance Issues, by removing the provision that limits fund-based reporting of a state and local government's risk financing activities to the general fund and the internal service fund type.

This Statement also modifies the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. This standard becomes effective for the Authority in fiscal year 2014.

GASB Statement No. 67, *Financial Reporting for Pension Plans - an Amendment of GASB Statement No. 25* was issued in June 2012. The objective of this Statement is to improve financial reporting by State and local governmental pension plans. This standard becomes effective for the Authority in fiscal year 2014.

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GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27* was issued in June 2012. The objective of this Statement is to improve the usefulness of information for decisions made by various users of the general purpose external financial reports of governments whose employees - both active employees and inactive employees - are provided with pensions. This standard becomes effective for the Authority in fiscal year 2015.

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations* was issued in January 2013. This Statement establishes accounting and financial reporting standards related to governmental combinations and disposals of government operations. This standard becomes effective for the Authority in fiscal year 2015.

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* was issued in April 2013. The objective of this Statement is to improve the recognition, measurement, and disclosure guidance for state and local governments that have extended or received financial guarantees that are nonexchange transactions. This standard becomes effective for the Authority in fiscal year 2014.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* was issued in November 2013. The objective of this Statement is to improve accounting and financial reporting by addressing an issue in Statement No. 68, *Accounting and Financial Reporting for Pensions*, concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of that Statement by employers and nonemployer contributing entities. This standard becomes effective for the Authority in fiscal year 2015.

Management has not yet determined the impact of these statements on the basic financial statements.

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APPENDIX D

FORM OF BOND COUNSEL'S OPINION

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Proposed Form of Opinion of Bond Counsel

An opinion in substantially the following form will be delivered by McCall, Parkhurst & Horton L.L.P., Bond Counsel, upon the delivery of the Bonds, assuming no material changes in facts or law.

LAW OFFICES

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**TRINITY RIVER AUTHORITY OF TEXAS REGIONAL WASTEWATER
SYSTEM REVENUE REFUNDING BONDS, SERIES 2014, DATED
NOVEMBER 1, 2014, IN THE PRINCIPAL AMOUNT OF \$93,950,000**

AS BOND COUNSEL FOR THE ISSUER (the "Issuer") of the Bonds described above (the "Bonds"), we have examined into the legality and validity of the Bonds, which mature in the amounts and on the dates, and bear interest from the dates specified in the text of the Bonds, until maturity, at the rates and payable on the dates as stated in the text of the Bonds, all as provided in the resolution of the Issuer authorizing the issuance of the Bonds (the "Bond Resolution").

WE HAVE EXAMINED the Constitution and laws of the State of Texas, certified copies of the proceedings of the Issuer and other documents authorizing and relating to the issuance of said Bonds, including one of the executed Bonds (Bond Number R-1).

BASED ON SAID EXAMINATION, IT IS OUR OPINION that said Bonds have been authorized, issued and duly delivered in accordance with law; and that except as may be limited by laws applicable to the Issuer relating to federal bankruptcy laws and any other similar laws affecting the rights of creditors of political subdivisions generally, which rights may be limited by general principles of equity which permit the exercise of judicial discretion, (i) the covenants and agreements in the Bond Resolution constitute valid and binding obligations of the Issuer, and the Bonds constitute valid and legally binding special obligations of the Issuer, which, together with other bonds, are secured by and payable from a first lien on and pledge of the Issuer's "Net Revenues" from "Contracts" (as such terms are defined in the Bond Resolution) between the Authority and the Contracting Parties specified in the Bond Resolution, being the Town of Addison and the Cities of Arlington, Bedford, Carrollton, Cedar Hill, Colleyville, Coppell, Dallas, Duncanville, Euless, Farmers Branch, Fort Worth, Grand Prairie, Grapevine, Hurst, Irving, Keller, Mansfield, North Richland Hills, and Southlake, Texas, and the Dallas-Fort Worth International Airport Board, and which may in the future include additional parties, and (ii) said Contracts are authorized by law, have been duly executed, are valid, and are legally binding upon and enforceable by the parties thereto in accordance with their terms and provisions.

THE ISSUER has reserved the right, subject to the restrictions stated in the Bond Resolution, to issue Additional Bonds payable from and secured by a first lien on and pledge of the aforesaid "Net Revenues" from "Contracts" on a parity with the Bonds.

THE ISSUER also has reserved the right to amend the Bond Resolution with the approval of the holders of 2/3rds of the aggregate principal amount of all parity revenue bonds then outstanding, subject to the restrictions stated in the Bond Resolution.

THE REGISTERED OWNERS of the Bonds shall never have the right to demand payment of the principal thereof or interest thereon out of any funds raised or to be raised by taxation, or from any source whatsoever other than specified in the Bond Resolution.

IT IS FURTHER OUR OPINION, except as discussed below, that the interest on the Bonds is excludable from the gross income of the owners for federal income tax purposes under the statutes, regulations, published rulings, and court decisions existing on the date of this opinion. We are further of the opinion that the Bonds are not "specified private activity bonds" and that, accordingly, interest on the Bonds will not be included as an individual or corporate alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). In expressing the aforementioned opinions, we have relied on the report of Causey Demgen & Moore P.C., certain representations, the accuracy of which we have not independently verified, and assume compliance with certain covenants, regarding the use and investment of the proceeds of the Bonds and the use of the property financed therewith. We call your attention to the fact that if such representations are determined to be inaccurate or upon a failure by the Issuer to comply with such covenants, interest on the Bonds may become includable in gross income retroactively to the date of issuance of the Bonds.

WE CALL YOUR ATTENTION TO THE FACT that the interest on tax-exempt obligations, such as the Bonds, is (a) included in a corporation's alternative minimum taxable income for purposes of determining the alternative minimum tax imposed on corporations by section 55 of the Code.

EXCEPT AS STATED ABOVE, we express no opinion as to any other federal, state, or local tax consequences of acquiring, carrying, owning, or disposing of the Bonds.

WE EXPRESS NO OPINION as to any insurance policies issued with respect to the payments due for the principal of and interest on the Bonds, nor as to any such insurance policies issued in the future.

OUR SOLE ENGAGEMENT in connection with the issuance of the Bonds is as Bond Counsel for the Issuer, and, in that capacity, we have been engaged by the Issuer for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Bonds for federal income tax purposes, and for no other reason or purpose. We have not been requested to investigate or verify, and have not independently investigated or verified any records, data, or other material relating to the financial condition or capabilities of the Issuer or the Contracting Parties or the disclosure thereof in connection with the sale of the Bonds, and have not assumed any responsibility with respect thereto or with respect to the adequacy of the Net Revenues. We express no opinion and make no comment with respect to the marketability of the Bonds and have relied solely on certificates executed by officials of the Issuer as to the current outstanding indebtedness of, and sufficiency of the Net Revenues. Our role in connection with the Issuer's offering document prepared for use in connection with the sale of the Bonds has been limited as described therein.

OUR OPINIONS ARE BASED ON EXISTING LAW, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of a result and are not binding on the Internal Revenue Service (the "Service"). Rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the Issuer as the taxpayer. We observe that the Issuer has covenanted not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Bonds as includable in gross income for federal income tax purposes.

Respectfully,

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