

\$74,270,000
TRINITY RIVER AUTHORITY OF TEXAS
REGIONAL WASTEWATER SYSTEM REVENUE BONDS
SERIES 2012

TRANSCRIPT OF PROCEEDINGS

**TRINITY RIVER AUTHORITY OF TEXAS
REGIONAL WASTEWATER SYSTEM REVENUE BONDS
SERIES 2012, \$74,270,000**

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TAB 1

**A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD
APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE FROM THE CLEAN
WATER STATE REVOLVING FUND THROUGH THE PROPOSED PURCHASE OF
\$371,865,000 TRINITY RIVER AUTHORITY CENTRAL REGIONAL WASTEWATER
SYSTEM REVENUE BONDS, PROPOSED SERIES 2009**

(09-164)

WHEREAS, Trinity River Authority, on behalf of its Central Regional Wastewater System, (the "TRA") has filed an application for financial assistance in the amount of \$371,865,000 from the Clean Water State Revolving Fund to finance certain wastewater system improvements; and

WHEREAS, TRA seeks financial assistance from the Texas Water Development Board (the "Board") through the Board's proposed purchase of \$371,865,000 Trinity River Authority Central Regional Wastewater System Revenue Bonds, Proposed Series 2009, (the "Obligations"), all as is more specifically set forth in the application and in recommendations of the Board's Project Finance and Construction Assistance staff, to which documents express reference is made; and

WHEREAS, in accordance with §15.607, Water Code, the Board hereby finds:

1. that in its opinion the revenues pledged by TRA will be sufficient to meet all the obligations assumed by the TRA;
2. that the application and financial assistance requested meet the requirements of the Federal Water Pollution Control Act, 33 U.S.C. §§1251 *et seq.* (1972), as amended, as well as state law;
3. that the TRA will consider cost-effective, innovative methods of treatment; and
4. that the TRA has adopted and is implementing a water conservation program for the more efficient use of water that will meet reasonably anticipated local needs and conditions and that incorporates practices, techniques or technology prescribed by the Texas Water Code and the Board's rules.

NOW THEREFORE, based on these considerations and findings, the Texas Water Development Board resolves as follows:

A commitment is made by the Board to Trinity River Authority's Central Regional Wastewater System for financial assistance in the amount of \$371,865,000 from the Clean Water State Revolving Fund, to be evidenced by the Board's proposed purchase of \$371,865,000 Trinity River Authority Central Regional Wastewater System Revenue Bonds, Proposed Series 2009. This commitment will expire on November 30, 2011.

Such commitment is conditioned as follows:

1. this commitment is contingent on a future sale of bonds by the Board or on the availability of funds on hand;
2. this commitment is contingent upon issuance of a written approving opinion of the Attorney General of the State of Texas stating that all of the requirements of the laws under which said

obligations were issued have been complied with; that said obligations were issued in conformity with the Constitution and laws of the State of Texas; and that said obligations are valid and binding obligations of TRA;

3. this commitment is contingent upon TRA's compliance with all applicable requirements contained in the rules and regulations of the Board;
4. TRA's bond counsel must prepare a written opinion that states that the interest on the obligations is excludable from gross income or is exempt from federal income taxation. Bond counsel may rely on covenants and representations of the District when rendering this opinion;
5. TRA's bond counsel must also state in the written opinion that the obligations are not "private activity bonds." Bond counsel may rely on covenants and representations of the District when rendering this opinion;
6. the ordinance/resolution authorizing the issuance of these obligations, (hereinafter referred to as the "*Authorizing Document*"), must include a provision prohibiting TRA from using the proceeds of this loan in a manner that would cause the obligations to become "private activity bonds";
7. the Authorizing Document must include a provision requiring TRA to comply with the provisions of §148 of the Internal Revenue Code of 1986 (relating to arbitrage);
8. the Authorizing Document must include a provision requiring TRA to make any required rebate to the United States of arbitrage earnings;
9. the Authorizing Document must include a provision prohibiting TRA from taking any action which would cause the interest on the obligations to be includable in gross income for federal income tax purposes;
10. the Authorizing Document must provide that TRA will not cause or permit the obligations to be treated as "federally guaranteed" obligations within the meaning of §149(b) of the Internal Revenue Code;
11. the bond transcript must include a No Arbitrage Certificate or similar Federal Tax Certificate setting forth TRA's reasonable expectations regarding the use, expenditure and investment of the proceeds of the obligations;
12. the bond transcript must include evidence that the information reporting requirements of §149(e) of the Internal Revenue Code of 1986 will be satisfied. This requirement is currently satisfied by filing IRS Form 8038 with the Internal Revenue Service. A completed copy of IRS Form 8038 must be provided to the Executive Administrator of the Board prior to the release of funds;
13. the Authorizing Document must provide that the obligations can be called for early redemption only in inverse order of maturity, and on any date beginning on or after the first interest payment date which is 10 years from the dated date of the obligations, at a redemption price of par, together with accrued interest to the date fixed for redemption;
14. TRA, or an obligated person for whom financial or operating data is presented to the Board in the application for financial assistance either individually or in combination with other issuers of

TRA's obligations or obligated persons, will, at a minimum, covenant to comply with requirements for continuing disclosure on an ongoing basis substantially in the manner required by Securities and Exchange Commission ("SEC") rule 15c2-12 and determined as if the Board were a Participating Underwriter within the meaning of such rule, such continuing disclosure undertaking being for the benefit of the Board and the beneficial owner of TRA's obligations, if the Board sells or otherwise transfers such obligations, and the beneficial owners of the Board's bonds if TRA is an obligated person with respect to such bonds under SEC rule 15c2-12;

15. prior to closing, TRA shall submit documentation evidencing the adoption and implementation of sufficient system rates and charges or, if applicable, the levy of an interest and sinking tax rate sufficient for the repayment of all system debt service requirements;
16. prior to or at closing, TRA shall pay a 1.85% origination fee to the Board calculated pursuant to Board rules;
17. prior to closing, TRA shall adopt and provide an executed copy of a escrow agreement or a trust agreement, the form and substance of which is acceptable to the Executive Administrator, addressing the deposit of bond proceeds into an escrow account or a trust fund;
18. if a bond insurance policy or a surety policy in lieu of a cash reserve are utilized:
 - (a) thirty (30) days before closing, TRA shall submit a draft of the policy to the Board's Executive Administrator for a determination on whether the policy provides appropriate security in accordance with Board policies;
 - (b) prior to closing, TRA shall provide the executed underlying documents of the policy (e.g; commitment letter, specimen policy) in a form and substance that is satisfactory to the Board's Executive Administrator; and
 - (c) prior to closing, the Attorney General of the State of Texas must have considered the use of said policy as a part of its approval of the proposed bond issue.
19. subject to the availability of funds, TRA's debt structure or the timing of its funding needs, the Board's Executive Administrator may request that TRA execute a separate financing agreement in a form and substance acceptable to the Board;
20. loan proceeds shall not be used by TRA when sampling, testing, removing or disposing of contaminated soils and/or media at the project site. The Authorizing Document shall include an environmental indemnification provision wherein TRA agrees to indemnify, hold harmless and protect the Board from any and all claims, causes of action or damages to the person or property of third parties arising from the sampling, analysis, transport, storage, treatment and disposition of any contaminated sewage sludge, contaminated sediments and/or contaminated media that may be generated by TRA, its contractors, consultants, agents, officials and employees as a result of activities relating to the project to the extent permitted by law;
21. TRA may be required to submit outlay reports with sufficient supporting documentation (e.g; invoices, receipts) on a quarterly basis. The Board shall retain the right to request project progress reports and outlay reports monthly as the project proceeds through each project phase;

22. at the Board's option, the Board may fund the financial assistance under this Resolution with either available cash-on-hand or from bond proceeds. If the financial assistance is funded with available cash-on-hand, the Board reserves the right to change the designated source of funds to bond proceeds issued for the purpose of reimbursing funds used to provide the financial assistance approved in this Resolution; and
23. should one or more of the provisions in this resolution be held to be null, void, voidable or, for any reason whatsoever, of no force and effect, such provision(s) shall be construed as severable from the remainder of this resolution and shall not affect the validity of all other provisions of this resolution which shall remain in full force and effect.

PROVIDED, however, the Authorizing Document is subject to the following special conditions:

24. the loan is approved for funding under the Board's pre-design funding option as specified in 31 TAC §375.39; and initial and future releases of funds are subject to all rules of the Board relating to such funding option;
25. the Authorizing Document contain a provision that stating that the Authority will maintain rates and charges to the Contracting Parties sufficient to meet the debt service requirements on the outstanding obligations of the Authority that are supported by such revenues, and that the Authority will require in its contracts with the Contracting Parties that the Contracting Parties maintain rates and charges for its water and sewer systems sufficient to pay the Contracting Parties obligations secured by and made payable from the revenues derived from the operation of its water and sewer systems;
26. upon request by the Executive Administrator, the Authority shall submit annual audits of Contracting Parties for the Executive Administrator's review; and
27. if a reserve fund is funded with proceeds from this loan, then that reserve fund shall be used solely for the purpose of retiring the last bond payment, paying principal and interest when and to the extent the amounts in the interest and sinking fund are insufficient to satisfy the debt service requirements, or for purposes otherwise authorized by the Board's Executive Administrator.

APPROVED and ordered of record this, the 19th day of November, 2009.

TEXAS WATER DEVELOPMENT BOARD


James E. Herring, Chairman

ATTEST:


J. Kevin Ward
Executive Administrator

**A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD
APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE FROM THE CLEAN
WATER STATE REVOLVING FUND THROUGH THE PROPOSED PURCHASE OF
\$104,615,000 TRINITY RIVER AUTHORITY CENTRAL REGIONAL WASTEWATER SYSTEM
REVENUE BONDS, PROPOSED SERIES 2011**

(10-89)

WHEREAS, Trinity River Authority, on behalf of its Central Regional Wastewater System, (the "TRA" or "Authority") has filed an application for financial assistance in the amount of \$104,500,000 from the Clean Water State Revolving Fund to finance certain wastewater system improvements; and

WHEREAS, TRA seeks financial assistance from the Texas Water Development Board (the "Board") through the Board's proposed purchase of \$104,615,000 Trinity River Authority Central Regional Wastewater System Revenue Bonds, Proposed Series 2011, (the "Obligations"), all as is more specifically set forth in the application and in recommendations of the Board's Project Finance and Construction Assistance staff, to which documents express reference is made; and

WHEREAS, in accordance with §15.607, Water Code, the Board hereby finds:

1. that in its opinion the revenues pledged by TRA will be sufficient to meet all the obligations assumed by the TRA;
2. that the application and financial assistance requested meet the requirements of the Federal Water Pollution Control Act, 33 U.S.C. §§1251 *et seq.* (1972), as amended, as well as state law;
3. that the TRA will consider cost-effective, innovative methods of treatment; and
4. that the TRA has adopted and is implementing a water conservation program for the more efficient use of water that will meet reasonably anticipated local needs and conditions and that incorporates practices, techniques or technology prescribed by the Texas Water Code and the Board's rules.

NOW THEREFORE, based on these considerations and findings, the Texas Water Development Board resolves as follows:

A commitment is made by the Board to Trinity River Authority's Central Regional Wastewater System for financial assistance in the amount of \$104,615,000 from the Clean Water State Revolving Fund, to be evidenced by the Board's proposed purchase of \$104,615,000 Trinity River Authority Central Regional Wastewater System Revenue Bonds, Proposed Series 2011. This commitment will expire on September 30, 2011.

Such commitment is conditioned as follows:

1. this commitment is contingent on a future sale of bonds by the Board or on the availability of funds on hand;
2. this commitment is contingent upon issuance of a written approving opinion of the Attorney General of the State of Texas stating that all of the requirements of the laws under which said obligations were issued have been complied with; that said obligations were issued in conformity with the Constitution and laws of the State of Texas; and that said obligations are valid and binding obligations of TRA;
3. this commitment is contingent upon TRA's compliance with all applicable requirements contained in the rules and regulations of the Board;
4. TRA's bond counsel must prepare a written opinion that states that the interest on the obligations is excludable from gross income or is exempt from federal income taxation. Bond counsel may rely on covenants and representations of the District when rendering this opinion;
5. TRA's bond counsel must also state in the written opinion that the obligations are not "private activity bonds." Bond counsel may rely on covenants and representations of the District when rendering this opinion;
6. the ordinance/resolution authorizing the issuance of these obligations, (hereinafter referred to as the "*Authorizing Document*"), must include a provision prohibiting TRA from using the proceeds of this loan in a manner that would cause the obligations to become "private activity bonds";
7. the Authorizing Document must include a provision requiring TRA to comply with the provisions of §148 of the Internal Revenue Code of 1986 (relating to arbitrage);
8. the Authorizing Document must include a provision requiring TRA to make any required rebate to the United States of arbitrage earnings;
9. the Authorizing Document must include a provision prohibiting TRA from taking any action which would cause the interest on the obligations to be includable in gross income for federal income tax purposes;
10. the Authorizing Document must provide that TRA will not cause or permit the obligations to be treated as "federally guaranteed" obligations within the meaning of §149(b) of the Internal Revenue Code;
11. the bond transcript must include a No Arbitrage Certificate or similar Federal Tax Certificate setting forth TRA's reasonable expectations regarding the use, expenditure and investment of the proceeds of the obligations;

12. the bond transcript must include evidence that the information reporting requirements of §149(e) of the Internal Revenue Code of 1986 will be satisfied. This requirement is currently satisfied by filing IRS Form 8038 with the Internal Revenue Service. A completed copy of IRS Form 8038 must be provided to the Executive Administrator of the Board prior to the release of funds;
13. the Authorizing Document must provide that the obligations can be called for early redemption only in inverse order of maturity, and on any date beginning on or after the first interest payment date which is 10 years from the dated date of the obligations, at a redemption price of par, together with accrued interest to the date fixed for redemption;
14. TRA, or an obligated person for whom financial or operating data is presented to the Board in the application for financial assistance either individually or in combination with other issuers of TRA's obligations or obligated persons, will, at a minimum, covenant to comply with requirements for continuing disclosure on an ongoing basis substantially in the manner required by Securities and Exchange Commission ("SEC") rule 15c2-12 and determined as if the Board were a Participating Underwriter within the meaning of such rule, such continuing disclosure undertaking being for the benefit of the Board and the beneficial owner of TRA's obligations, if the Board sells or otherwise transfers such obligations, and the beneficial owners of the Board's bonds if TRA is an obligated person with respect to such bonds under SEC rule 15c2-12;
15. prior to closing, TRA shall submit documentation evidencing the adoption and implementation of sufficient system rates and charges or, if applicable, the levy of an interest and sinking tax rate sufficient for the repayment of all system debt service requirements;
16. prior to or at closing, TRA shall pay a 1.85% origination fee to the Board calculated pursuant to Board rules;
17. prior to closing, TRA shall adopt and provide an executed copy of a escrow agreement or a trust agreement, the form and substance of which is acceptable to the Executive Administrator, addressing the deposit of bond proceeds into an escrow account or a trust fund;
18. if a bond insurance policy or a surety policy in lieu of a cash reserve are utilized:
 - (a) thirty (30) days before closing, TRA shall submit a draft of the policy to the Board's Executive Administrator for a determination on whether the policy provides appropriate security in accordance with Board policies;
 - (b) prior to closing, TRA shall provide the executed underlying documents of the policy (e.g.; commitment letter, specimen policy) in a form and substance that is satisfactory to the Board's Executive Administrator; and
 - (c) prior to closing, the Attorney General of the State of Texas must have considered the use of said policy as a part of its approval of the proposed bond issue.

19. subject to the availability of funds, TRA's debt structure or the timing of its funding needs, the Board's Executive Administrator may request that TRA execute a separate financing agreement in a form and substance acceptable to the Board;
20. all laborers and mechanics employed by contractors and subcontractors for projects shall be paid wages at rates not less than those prevailing on projects of a similar character in the locality in accordance with the Davis-Bacon Act, and the U.S. Department of Labor's implementing regulations. The recipient, all contractors, and all sub-contractors shall ensure that all project contracts mandate compliance with Davis-Bacon;
21. fees to be reimbursed under any consulting contract must be reasonable to the services performed and must be reflected in a contract acceptable to the Executive Administrator;
22. loan proceeds shall not be used by TRA when sampling, testing, removing or disposing of contaminated soils and/or media at the project site. The Authorizing Document shall include an environmental indemnification provision wherein TRA agrees to indemnify, hold harmless and protect the Board from any and all claims, causes of action or damages to the person or property of third parties arising from the sampling, analysis, transport, storage, treatment and disposition of any contaminated sewage sludge, contaminated sediments and/or contaminated media that may be generated by TRA, its contractors, consultants, agents, officials and employees as a result of activities relating to the project to the extent permitted by law;
23. TRA shall submit outlay reports with sufficient supporting documentation (e.g.; invoices, receipts) on at least a quarterly basis. The Board shall retain the right to request project progress reports and outlay reports monthly as the project proceeds through each project phase;
24. at the Board's option, the Board may fund the financial assistance under this Resolution with either available cash-on-hand or from bond proceeds. If the financial assistance is funded with available cash-on-hand, the Board reserves the right to change the designated source of funds to bond proceeds issued for the purpose of reimbursing funds used to provide the financial assistance approved in this Resolution; and
25. should one or more of the provisions in this resolution be held to be null, void, voidable or, for any reason whatsoever, of no force and effect, such provision(s) shall be construed as severable from the remainder of this resolution and shall not affect the validity of all other provisions of this resolution which shall remain in full force and effect.

PROVIDED, however, the Authorizing Document is subject to the following special conditions:

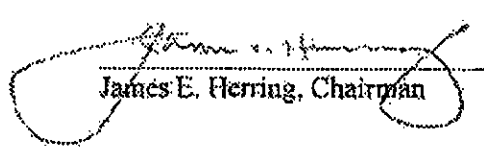
26. the loan is approved for funding under the Board's pre-design funding option as specified in 31 TAC §375.14, and initial and future releases of funds are subject to all rules of the Board relating to such funding option;
27. the Authorizing Document contain a provision that stating that the Authority will maintain

rates and charges to the Contracting Parties sufficient to meet the debt service requirements on the outstanding obligations of the Authority that are supported by such revenues, and that the Authority will require in its contracts with the Contracting Parties that the Contracting Parties maintain rates and charges for its water and sewer systems sufficient to pay the Contracting Parties obligations secured by and made payable from the revenues derived from the operation of its water and sewer systems;

28. upon request by the Executive Administrator, the Authority shall submit annual audits of Contracting Parties for the Executive Administrator's review; and
29. if a reserve fund is funded with proceeds from this loan, then that reserve fund shall be used solely for the purpose of retiring the last bond payment, paying principal and interest when and to the extent the amounts in the interest and sinking fund are insufficient to satisfy the debt service requirements, or for purposes otherwise authorized by the Board's Executive Administrator.

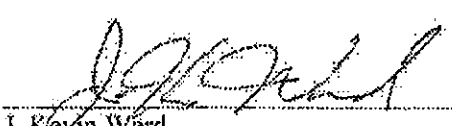
APPROVED and ordered of record this, the 23rd day of September, 2010.

TEXAS WATER DEVELOPMENT BOARD



James E. Herring, Chairman

ATTEST:



L. Kevin Ward

Executive Administrator

TAB 2

PRIVATE PLACEMENT MEMORANDUM DATED JUNE 28, 2012

NEW ISSUE BOOK-ENTRY-ONLY

On the date of initial delivery of the Obligations (defined below), Issuer Bond Counsel (defined on page 2) will render its opinion substantially in the form attached in APPENDIX C - FORM OF OPINION OF BOND COUNSEL.

\$74,270,000

**TRINITY RIVER AUTHORITY OF TEXAS
REGIONAL WASTEWATER SYSTEM REVENUE BONDS
SERIES 2012 (the "Obligations")**

Dated: July 15, 2012

Due: August 1

Interest Date:	Interest on the Obligations will be payable on February 1 and August 1 each year, commencing February 1, 2013 (each an "Interest Payment Date"). The Obligations will bear interest at the rates per annum set forth in "APPENDIX A - MATURITY SCHEDULE."
Record Date:	The close of business on the fifteenth calendar day of the calendar month immediately preceding the applicable Interest Payment Date.
Date Interest Accrues:	Each Bond shall bear interest from the Delivery Date thereof or the most recent Interest Payment Date to which interest has been paid or provided for at the rate set forth, such interest payable semiannually on February 1 and August 1 of each year until the earliest of maturity or prior redemption, commencing on the February 1, or August 1, immediately following the Delivery Date.
Redemption:	The Obligations are subject to redemption prior to maturity as provided herein. See "THE OBLIGATIONS - Redemption Provisions" herein.
Authorized Denominations:	The Obligations are being issued as fully registered bonds in denominations of \$5,000, or any integral multiple thereof.
Paying Agent/Registrar/Registrar:	The paying agent ("Paying Agent/Registrar/Registrar") for the Obligations is The Bank of New York Mellon Trust Company, National Association.
Book-Entry-Only System	Upon initial issuance, the ownership of the Obligations will be registered in the registration books of the Issuer kept by the Paying Agent/Registrar, in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC") to which principal, redemption premium, if any, and interest payments on the Obligations will be made. The purchasers of the Obligations will not receive physical delivery of bond certificates. Principal of, interest, and premium if any, on the Obligations will be payable at the designated office of the Paying Agent/Registrar in Dallas, Texas as the same become due and payable.
Issuer:	Trinity River Authority of Texas.
Official Action:	Bond resolution adopted on June 27, 2012 and the related Certificate of General Manager dated June 28, 2012.
Purpose:	See "APPENDIX B - OFFICIAL ACTION."
Security for the Obligations:	See APPENDIX B - OFFICIAL ACTION."
Ratings:	See "OTHER INFORMATION - Ratings"
Delivery Date:	August 1, 2012.

See "APPENDIX A - MATURITY SCHEDULE" for Principal Amounts, Maturities, Interest Rates, Prices or Yields, and Initial CUSIP Numbers

TRINITY RIVER AUTHORITY OF TEXAS

Harold L. Barnard, President
Kim C. Wyatt, Vice President
Howard S. Slobodin, Secretary
William W. Collins, Jr.
Christina Melton Crain
Michael Cronin
Steve Cronin
Amanda B. Davis
Ronald J. Goldman
Martha A. Hernandez
Harold E. Jenkins
John W. Jenkins
Jess A. Laird

Nancy E. Lavinski
David B. Leonard
Andrew Martinez
Kevin Maxwell
Dennis "Joe" McCleskey
James W. Neale
Manny Rachal
Amir A. Rupani
Ana Laura Saucedo
Shirley K. Seale
J. Carol Spillars
Linda D. Timmerman, Ed.D.
Vacancy

McCall, Parkhurst & Horton, L.L.P., Bond Counsel

First Southwest Company, Financial Advisor

The Bank of New York Mellon Trust Company, National Association, Paying Agent/Registrar

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**Private Placement Memorandum
relating to**

\$74,270,000

**TRINITY RIVER AUTHORITY OF TEXAS
REGIONAL WASTEWATER SYSTEM REVENUE BONDS
SERIES 2012 (the "Obligations")**

INTRODUCTION

This Private Placement Memorandum, including the cover page and appendices, contains brief descriptions of the Issuer, provides certain information with respect to the issuance by the Issuer, and summaries of certain provisions of the "Obligations" pursuant to the Official Action. Except as otherwise set forth herein, capitalized terms used but not defined in this Private Placement Memorandum have the meanings assigned to them in the Official Action. See "APPENDIX B – "FORM OF OFFICIAL ACTION" attached hereto.

APPENDIX A contains the maturity schedule for the Obligations. APPENDIX B contains the Official Action and a description of the purpose for the proceeds of the Obligations. APPENDIX C contains a copy of the proposed opinion of Bond Counsel with respect to the Obligations. The summaries of the documents contained in the forepart of this Private Placement Memorandum are not complete or definitive, and every statement made in this Private Placement Memorandum concerning any provision of any document is qualified by reference to such document in its entirety.

THE OBLIGATIONS

General Description

The Obligations are being issued in the aggregate principal amount set forth in APPENDIX A of this Private Placement Memorandum and will mature and be subject to redemption prior to maturity as described therein. The Obligations are being issued as fully registered bonds in denominations of \$5,000, or any integral multiple thereof. The Obligations will be dated as of the stated date of issue and will mature on the dates referenced thereon, and will bear interest at the rates per annum set forth in "APPENDIX A - MATURITY SCHEDULE."

Interest on the Obligations is payable semiannually on each Interest Payment Date, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. Principal of and the redemption price with respect to the Obligations will be payable to the Owners upon presentation and surrender at the principal office of the Paying Agent/Registrar.

Purpose

See "APPENDIX B - FORM OF OFFICIAL ACTION."

Authority for Issuance

The Obligations are issued pursuant to Chapter 518, Acts of the 54th Texas Legislature, Regular Session, 1955, as amended, which created and empowers the Issuer, Chapter 30, Texas Water Code and other applicable laws, as amended, and the Official Action adopted by the Issuer.

Security for the Obligations

See "APPENDIX B - FORM OF OFFICIAL ACTION."

Redemption Provisions

On August 1, 2022, or on any date thereafter, the Obligations maturing on and after August 1, 2023 may be redeemed prior to their scheduled maturities, upon the written direction of the Issuer, with funds provided by the Issuer, at par plus accrued interest to the date fixed for redemption as a whole, or in part in inverse order of maturity, and if less than all of a maturity is to be redeemed the Paying Agent/Registrar will determine by lot the Obligations,

or portions thereof within such maturity to be redeemed (provided that a portion of a Bond may be redeemed only in Authorized Denominations).

Notice of Redemption; Selection of Obligations to Be Redeemed

See "APPENDIX B - FORM OF OFFICIAL ACTION."

The Paying Agent/Registrar, so long as a Book-Entry-Only System is used for the Bonds, will send any notice of redemption of the Bonds, notice of proposed amendment to the Order or other notices with respect to the Bonds 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 the Bonds called for redemption or any other action premised on any such notice. Redemption of portions of the Bonds by the Issuer will reduce the outstanding principal amount of such Bonds held by DTC.

Book-Entry-Only System

The information in this caption concerning The Depository Trust Company, New York, New York ("DTC") and DTC's book entry system has been obtained from DTC and the Issuer makes no representation or warranty nor takes any responsibility for the accuracy or completeness of such information.

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered Bonds 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 will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities 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 issues, corporate and municipal debt issues, and money market instruments (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 for 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.

Estimated Draw Schedule

See "APPENDIX D - DRAW SCHEDULE."

TAX MATTERS

Opinion

Bond Counsel will deliver its opinion on the date of delivery of the Obligations substantially in the form as attached in "APPENDIX C - FORM OF OPINION OF BOND COUNSEL."

OTHER INFORMATION

Forward Looking Statements

The statements contained in this Private Placement Memorandum, including the cover page, appendices, and any other information or documents provided by the Issuer, that are not purely historical, are forward-looking statements, including statements regarding the Issuer's expectations, hopes, intentions, or strategies regarding the future. Holders and beneficial owners of the Obligations have placed reliance on forward-looking statements. All forward looking statements included in this Private Placement Memorandum are based on information available to the Issuer on the date hereof. It is important to note that the Issuer's actual results could differ materially from those in such forward-looking statements.

Ratings

The bonds are rated "AAA" by Standard & Poor's, a Division of The McGraw-Hill Companies, Inc. 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 Issuer 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 any or all of such rating companies, if in the judgment of any or all companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings, or either of them, may have an adverse effect on the market price of the Obligations.

LITIGATION

General

On the date of delivery of the Obligations to the initial purchasers thereof, the Issuer will execute and deliver a certificate to the effect that, except as disclosed herein, no litigation of any nature has been filed or is pending, as of that date, to restrain or enjoin the issuance or delivery of the Obligations or which would affect the provisions made for their payment or security or in any manner questioning the validity of the Obligations.

The Issuer

There is no litigation, proceeding, inquiry, or investigation pending by or before any court or other governmental authority or entity (or, to the best knowledge of the Issuer, threatened) that adversely affects the power, authority or obligation of the Issuer to deliver the Obligations, the security for, or the validity of, the Obligations or the financial condition of the Issuer.

CONTINUING DISCLOSURE OF INFORMATION

In the Official Action, the Issuer has made the following agreement for the benefit of the holders and beneficial owners of the Obligations. The Issuer is required to observe the agreement for so long as it remains obligated to advance funds to pay the Obligations. Under the agreement, the Issuer and the Contracting Parties (as defined in the Official Action) will be obligated to provide timely notice of specified material events and the Contracting Parties will be obligated to provide certain updated financial information and operating data, to certain other information vendors. SEE APPENDIX B - "FORM OF OFFICIAL ACTION."

Compliance with Prior Undertakings

During the last five years, the Issuer has complied in all material respects with its continuing disclosure agreements in accordance with the Rule.

MISCELLANEOUS


Any statements made in this Private Placement Memorandum involving matters of opinion or of 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 the estimates will be realized. Neither this Private Placement Memorandum nor any statement that may have been made verbally or in writing is to be construed as a contract with the owners of the Obligations.

The information contained above is neither guaranteed as to accuracy or completeness nor to be construed as a representation by the Issuer. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Private Placement Memorandum nor any sale made hereunder is to create, under any circumstances, any implication that there has been no change in the affairs of the Issuer or the Issuer from the date hereof.

The Private Placement Memorandum is submitted in connection with the sale of the securities referred to herein and may not be reproduced or used, as a whole or in part, for any other purpose.

ADDITIONAL INFORMATION

The Private Placement Memorandum speaks only as of its date and the information contained herein is subject to change. Descriptions of the Obligations and the Official Action and any other agreements and documents contained herein constitute summaries of certain provisions thereof and do not purport to be complete. This Private Placement Memorandum was approved by the Issuer.



J. Kevin Ward, General Manager
Trinity River Authority of Texas

APPENDIX A

MATURITY SCHEDULE

CUSIP Prefix _____

MATURITY DATE <u>(August 1)</u>	PRINCIPAL <u>AMOUNT(\$)</u>	INTEREST <u>RATE(%)</u>	INITIAL <u>YIELD(%)</u>	CUSIP <u>Suffix</u>
2014	2,430,000	0.000	0.000	
2015	2,555,000	0.000	0.000	
2016	2,685,000	0.000	0.000	
2017	2,815,000	0.000	0.000	
2018	2,955,000	0.100	0.100	
2019	3,100,000	0.330	0.330	
2020	3,260,000	0.570	0.570	
2021	3,420,000	0.770	0.770	
2022	3,595,000	0.910	0.910	
2023	3,775,000	1.070	1.070	
2024	3,960,000	1.220	1.220	
2025	4,160,000	1.350	1.350	
2026	4,365,000	1.440	1.440	
2027	4,585,000	1.520	1.520	
2028	4,815,000	1.590	1.590	
2029	5,055,000	1.660	1.660	
2030	5,310,000	1.730	1.730	
2031	5,575,000	1.800	1.800	
2032	5,855,000	1.870	1.870	

APPENDIX B
FORM OF OFFICIAL ACTION
BOND RESOLUTION

RESOLUTION NO. R-1350

RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF
TRINITY RIVER AUTHORITY OF TEXAS REGIONAL WASTEWATER
SYSTEM REVENUE BONDS AND APPROVING AND AUTHORIZING
INSTRUMENTS AND PROCEDURES RELATING THERETO

THE STATE OF TEXAS
TRINITY RIVER AUTHORITY OF TEXAS

WHEREAS, the Trinity River Authority of Texas (the "Authority" or the "Issuer") and the Contracting Parties, as hereinafter defined, have entered into Contracts, as hereinafter defined, under which the Authority will provide services for receiving, transporting, treating, and disposing of Wastewater; and

WHEREAS, the Contracts and, to the extent not otherwise defined or modified in this Resolution, the definitions set forth in the Contracts, are hereby referred to and adopted for all purposes, the same as if they had been set forth in their entirety in this Resolution; and

WHEREAS, pursuant to the Contracts and appropriate bond resolutions, as hereinafter defined, the Authority has previously issued the following bonds: "Trinity River Authority of Texas Regional Wastewater System Revenue Bonds, Series 1973" (the "Series 1973 Bonds"), in the original principal amount of \$23,000,000, "Trinity River Authority of Texas Regional Wastewater System Revenue Bonds, Series 1976," in the original principal amount of \$14,000,000, "Trinity River Authority of Texas Regional Wastewater System Revenue Bonds, Series 1979," in the original principal amount of \$8,600,000, "Trinity River Authority of Texas Regional Wastewater System Improvement Revenue Bonds, Series 1988," in the original principal amount of \$18,700,000, "Trinity River Authority of Texas Regional Wastewater System Improvement Revenue Bonds, Series 1989," in the original principal amount of \$134,750,000, "Trinity River Authority of Texas Regional Wastewater System Improvement Revenue Bonds, Series 1992," in the original principal amount of \$33,000,000, "Trinity River Authority of Texas Regional Wastewater System Revenue Bonds, Series 1995" in the original principal amount of \$43,515,000, "Trinity River Authority of Texas Regional Wastewater System Revenue Bonds, Series 1998A" in the original principal amount of \$50,845,000, "Trinity River Authority of Texas Regional Wastewater System Revenue Improvement and Refunding Bonds, Series 1998B" in the original principal amount of \$66,950,000, "Trinity River Authority of Texas Regional Wastewater System Revenue Bonds, Series 2001" (the "Series 2001 Bonds") in the original principal amount of \$88,225,000, "Trinity River Authority of Texas Regional Wastewater System Revenue Bonds, Series 2004" (the "Series 2004 Bonds") in the original principal amount of \$106,475,000, "Trinity River Authority of Texas Regional Wastewater System Revenue Bonds, Series 2005" (the "Series 2005 Bonds") in the original principal amount of \$9,525,000, "Trinity River Authority of Texas Regional Wastewater System Revenue Bonds, Series 2007" (the "Series 2007 Bonds") in the original principal amount of \$120,000,000, "Trinity River Authority of Texas Regional Wastewater System Revenue Bonds, Series 2008" (the "Series 2008 Bonds") in the original principal amount of \$90,000,000, "Trinity River Authority of Texas Regional Wastewater System Revenue Bonds, Series 2009" (the "Series 2009 Bonds") in the original principal amount of \$86,780,000, "Trinity River Authority of Texas Regional Wastewater System Revenue Bonds, Series 2010" (the "Series 2010 Bonds") in the original principal amount of \$107,180,000, "Trinity River Authority of Texas Regional Wastewater System Revenue Bonds, Series 2010A" (the "Series 2010A Bonds") in the original principal amount of \$127,005,000 and "Trinity River Authority of Texas Regional Wastewater System Revenue Bonds, Series 2011A" (the "Series 2011A Bonds") in the original principal amount of \$108,395,000, with the above described series of bonds having been issued to finance the acquisition, construction, and improvement of the System described in the

Contracts and, with respect to the Series 1998B Bonds, to refund portions of the Authority's bonds issued to finance the acquisition, construction, and improvement of the System described in the Contracts; and portions of the Authority's bonds issued to finance the acquisition, construction, and improvement of the System described in the Contracts were refunded by the "Trinity River Authority of Texas Regional Wastewater System Revenue Refunding Bonds, Series 1988," in the original principal amount of \$15,460,000, "Trinity River Authority of Texas Regional Wastewater System Revenue Refunding Bonds, Series 1993," in the original principal amount of \$209,940,000, "Trinity River Authority of Texas Regional Wastewater System Revenue Refunding Bonds, Series 2003" (the "Series 2003 Refunding Bonds") in the original principal amount of \$135,885,000, "Trinity River Authority of Texas Regional Wastewater System Revenue Refunding Bonds, Series 2008" (the "Series 2008 Refunding Bonds") in the original principal amount of \$62,020,000 and "Trinity River Authority of Texas Regional Wastewater System Revenue Refunding Bonds, Series 2011" (the "Series 2011 Refunding Bonds") in the original principal amount of \$69,280,000; and

WHEREAS, the 1973 Bond Resolution, and each successive Outstanding Parity Bond Resolution (hereinafter defined), provide that under certain conditions additional parity revenue bonds of the Authority may be issued for improvements, betterments, extensions, and replacements of the System described in the Contracts, and such conditions have been satisfied; and

WHEREAS, the bonds authorized to be issued by this Resolution (the "Bonds") shall be issued and delivered pursuant to Chapter 518, Acts of the 54th Texas Legislature, Regular Session, 1955, as amended, which created and empowers the Authority, Chapter 30, Texas Water Code and other applicable laws.

THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF TRINITY RIVER AUTHORITY OF TEXAS:

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 Authority.

(d) "Board of Authority" or "Board" means the Board of Directors of the Authority.

(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 Authority, selected by the Authority.

(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 Authority may contract with in the future to provide service from the System.

(h) "Code" means the Internal Revenue Code of 1986, as amended.

(i) "Contracting Parties" 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, and Southlake, and the Airport Board, and other parties the Authority may contract with in the future to provide service from the System.

(j) "Contracts" means the contracts between the Authority and the Contracting Parties with respect to the services of the System.

(k) "Depository" means the bank or banks which the Authority 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 Authority 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 Authority.

(n) "Independent Consulting Engineer" means the Engineer or engineering firm or corporation at the time employed by the Authority as originally described under the provisions of Section 5.13 of the 1973 Bond Resolution.

(o) "Outstanding Parity Bonds" means the unpaid and unrefunded Series 2003 Refunding Bonds, Series 2004 Bonds, Series 2005 Bonds, Series 2007 Bonds, Series 2008 Bonds, Series 2008 Refunding Bonds, Series 2009 Bonds, Series 2010 Bonds, Series 2010A Bonds, Series 2011 Refunding Bonds and Series 2011A Bonds.

(p) "Outstanding Parity Bond Resolution" or "Outstanding Parity Bond Resolutions" means, individually or collectively, as appropriate, the 2003 Refunding Bond Resolution, the 2004 Bond Resolution, the 2005 Bond Resolution, the 2007 Bond Resolution, the 2008 Bond Resolution, the 2008 Refunding Bond Resolution, the 2009 Bond Resolution, the 2010 Bond Resolution, the 2010A Bond Resolution, the 2011 Refunding Bond Resolution and the 2011A Bond Resolution.

(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 Authority'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 Authority 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 Authority's facilities located within the boundaries of the Dallas-Fort Worth International Airport and defined as the "System" in the contract between Authority 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 Authority acting as a signatory to the State of Texas Water Pollution Control Compact, or any of the facilities designated as Authority's Ten Mile Creek System, or Walker-Calloway Project, or any other facilities of the Authority the revenues from which are not pledged to the payment of the Bonds or Additional Bonds.

(t) "1973 Bond Resolution" means the resolution which authorized the Series 1973 Bonds described in the preamble.

(u) "2003 Refunding Bond Resolution" means the resolution which authorized the Series 2003 Refunding Bonds described in the preamble.

(v) "2004 Bond Resolution" means the resolution which authorized the Series 2004 Bonds described in the preamble.

(w) "2005 Bond Resolution" means the resolution which authorized the Series 2005 Bonds described in the preamble.

(x) "2007 Bond Resolution" means the resolution which authorized the Series 2007 Bonds described in the preamble.

(y) "2008 Bond Resolution" means the resolution which authorized the Series 2008 Bonds described in the preamble.

(z) "2008 Refunding Bond Resolution" means the resolution which authorized the Series 2008 Refunding Bonds described in the preamble.

(aa) "2009 Bond Resolution" means the resolution which authorized the Series 2009 Bonds described in the preamble.

(bb) "2010 Bond Resolution" means the resolution which authorized the Series 2010 Bonds described in the preamble.

(cc) "2010A Bond Resolution" means the resolution which authorized the Series 2010A Bonds described in the preamble.

(dd) "2011 Refunding Bond Resolution" means the resolution which authorized the Series 2011 Refunding Bonds described in the preamble.

(ee) "2011A Bond Resolution" means the resolution which authorized the Series 2011A Bonds described in the preamble.

ARTICLE II

THE BONDS

Section 2.01. RECITALS, AMOUNT AND PURPOSE OF THE BONDS. The Board of Authority hereby incorporates the recitals set forth in the preamble hereto as if set forth in full at this place and further finds and determines that said recitals are true and correct. The bonds of the Issuer are hereby authorized to be issued in one or more series and delivered in the aggregate principal amount of not to exceed \$74,270,000, FOR THE PURPOSE OF PROVIDING FUNDS TO ACQUIRE AND CONSTRUCT IMPROVEMENTS, BETTERMENTS, EXTENSIONS, AND REPLACEMENTS OF THE AUTHORITY'S REGIONAL WASTEWATER SYSTEM TO PROVIDE WASTEWATER DISPOSAL SYSTEM SERVICES TO CITIES AND OTHERS.

Section 2.02. DESIGNATION, DATE, DENOMINATIONS, NUMBERS, MATURITIES AND SALE OF BONDS. (a) Each Bond issued pursuant to this Resolution shall be designated: "TRINITY RIVER AUTHORITY OF TEXAS REGIONAL WASTEWATER SYSTEM REVENUE BOND, SERIES ____", subject to paragraph (b) of this section.

(b) As authorized by Chapter 1371, Texas Government Code, as amended, the General Manager of the Issuer is hereby designated as the "Authorized Officer" of the Issuer, and is hereby authorized, appointed, and designated as the officer or employee of the Issuer authorized to act on behalf of the Issuer in the selling and delivering of the Bonds and carrying out the other procedures specified in this Resolution, including the use of a book-entry-only system with respect to the Bonds and the execution of an appropriate letter of representations if deemed appropriate, the determining and fixing of the date of the Bonds, any additional or different designation or title by which the Bonds shall be known, the price at which the Bonds will be sold, the aggregate principal amount of the Bonds and the amount of each maturity of principal thereof, the due date of each such maturity (not exceeding forty years from the date of the Bonds), the rate of interest to be borne by each such maturity, the interest payment dates and periods, the dates, price and terms upon and at which the Bonds shall be subject to redemption prior to due date or maturity at the option of the Issuer, any mandatory sinking fund redemption provisions, procuring municipal bond insurance, and approving modifications to this Resolution and executing such instruments, documents and agreements as may be necessary with respect thereto, if it is determined that such insurance would be financially desirable and advantageous, and all other matters relating to the issuance, sale and delivery of the Bonds. The Authorized Officer, acting for and on behalf of the Issuer, is authorized to arrange for the Bonds to be sold, in one or more issues, at negotiated sale to the Texas Water Development Board, at

linesuch price, in an amount not to exceed the aggregate principal amount set forth above, with such maturities of principal, with such interest rates, and with such optional and mandatory sinking fund redemption provisions, if any, and other matters, as shall be mutually acceptable, and to execute such instruments, documents and agreements as may be necessary with respect thereto. The price to be paid for the Bonds shall be not less than 95% of the initial aggregate principal amount thereof, plus accrued interest thereon from their date to their delivery, if any, and no Bond shall bear interest at a rate greater than 10% per annum. It is further provided, however, that, notwithstanding the foregoing provisions, the Bonds shall not be delivered unless, prior to their delivery, the Bonds have been rated by a nationally recognized rating agency for municipal long term obligations, as required by said Chapter 1371, Texas Government Code, as amended.

Section 2.03. CHARACTERISTICS OF THE BONDS. Registration, Transfer, Conversion and Exchange; Authentication. (a) The Issuer shall keep or cause to be kept at the principal corporate trust office of the Paying Agent/Registrar books or records for the registration of the transfer, conversion and exchange of the Bonds (the "Registration Books"), and the Issuer hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such registrations of transfers, conversions and exchanges under such reasonable regulations as the Issuer and Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such registrations, transfers, conversions and exchanges as herein provided. The Paying Agent/Registrar shall obtain and record in the Registration Books the address of the registered owner of each Bond to which payments with respect to the Bonds shall be mailed, as herein provided; but it shall be the duty of each registered owner to notify the Paying Agent/Registrar in writing of the address to which payments shall be mailed, and such interest payments shall not be mailed unless such notice has been given. The Issuer shall have the right to inspect the Registration Books during regular business hours of the Paying Agent/Registrar, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity. The Issuer shall pay the Paying Agent/Registrar's standard or customary fees and charges for making such registration, transfer, conversion, exchange and delivery of a substitute Bond or Bonds. Registration of assignments, transfers, conversions and exchanges of Bonds shall be made in the manner provided and with the effect stated in the FORM OF BOND set forth in this Resolution. Each substitute Bond shall bear a letter and/or number to distinguish it from each other Bond.

Except as provided in Section 2.03(c) hereof, an authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Bond, date and manually sign said Bond, and no such Bond shall be deemed to be issued or outstanding unless such Bond is so executed. The Paying Agent/Registrar promptly shall cancel all paid Bonds and Bonds surrendered for conversion and exchange. No additional ordinances, orders, or resolutions need be passed or adopted by the governing body of the Issuer or any other body or person so as to accomplish the foregoing conversion and exchange of any Bond or portion thereof, and the Paying Agent/Registrar shall provide for the printing, execution, and delivery of the substitute Bonds in the manner prescribed herein, and said Bonds shall be of type composition printed on paper with lithographed or steel engraved borders of customary weight and strength. Pursuant to Subchapter D, Chapter 1201, Texas Government Code, the duty of conversion and exchange of Bonds as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of said Certificate, the converted and exchanged Bond shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Bonds which initially were issued and delivered pursuant to this Resolution, approved by the Attorney General, and registered by the Comptroller of Public Accounts.

(b) Payment of Bonds and Interest. The Issuer hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of and interest on the Bonds, all as provided in this Resolution. The Paying Agent/Registrar shall keep proper records of all payments made

by the Issuer and the Paying Agent/Registrar with respect to the Bonds, and of all conversions and exchanges of Bonds, and all replacements of Bonds, as provided in this Resolution. However, in the event of a nonpayment of interest on a scheduled payment date, and for thirty (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 Issuer. 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 (5) business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each registered owner appearing on the Registration Books at the close of business on the last business day next preceding the date of mailing of such notice.

(c) In General. The Bonds (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on such Bonds to be payable only to the registered owners thereof, (ii) may and shall be redeemed prior to their scheduled maturities (notice of which shall be given to the Paying Agent/Registrar by the Issuer at least 50 days prior to any such redemption date), (iii) transferred and assigned, (iv) may be converted and exchanged for other Bonds, (v) shall have the characteristics, (vi) shall be signed, sealed, executed and authenticated, (vii) the principal of and interest on the Bonds shall be payable, and (viii) shall be administered and the Paying Agent/Registrar and the Issuer shall have certain duties and responsibilities with respect to the Bonds, all as provided, and in the manner and to the effect as required or indicated, in the FORM OF BOND set forth in this Resolution. The Bonds initially issued and delivered pursuant to this Resolution are not required to be, and shall not be, authenticated by the Paying Agent/Registrar, but on each substitute Bond issued in conversion of and exchange for any Bond or Bonds issued under this Resolution the Paying Agent/Registrar shall execute the PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE, in the form set forth in the FORM OF BOND.

(d) Substitute Paying Agent/Registrar. The Issuer covenants with the registered owners of the Bonds that at all times while the Bonds are outstanding the Issuer will provide a competent and legally qualified bank, trust company, financial institution, or other agency to act as and perform the services of Paying Agent/Registrar for the Bonds under this Resolution, and that the Paying Agent/Registrar will be one entity. The Issuer reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not less than 120 days written notice to the Paying Agent/Registrar, to be effective not later than 60 days prior to the next principal or interest payment date after such notice. In the event that the entity at any time acting as Paying Agent/Registrar (or its successor by merger, acquisition, or other method) should resign or otherwise cease to act as such, the Issuer covenants that promptly it will appoint a competent and legally qualified bank, trust company, financial institution, or other agency to act as Paying Agent/Registrar under this Resolution. Upon any change in the Paying Agent/Registrar, the previous Paying Agent/Registrar promptly shall transfer and deliver the Registration Books (or a copy thereof), along with all other pertinent books and records relating to the Bonds, to the new Paying Agent/Registrar designated and appointed by the Issuer. Upon any change in the Paying Agent/Registrar, the Issuer promptly will cause a written notice thereof to be sent by the new Paying Agent/Registrar to each registered owner of the Bonds, by United States mail, first-class postage prepaid, which notice also shall give the address of the new Paying Agent/Registrar. By accepting the position and performing as such, each Paying Agent/Registrar shall be deemed to have agreed to the provisions of this Resolution, and a certified copy of this Resolution shall be delivered to each Paying Agent/Registrar.

(e) Book-Entry Only System. At the discretion of the Authorized Officer, Bonds may be issued in exchange for the Bonds initially issued to the purchaser specified herein pursuant to a book-entry only system, and if so issued, such Bonds shall be initially issued in the form of a separate single fully registered Bond for each of the maturities thereof. Upon initial issuance, the ownership of each such Bond shall be registered in the name of Cede & Co., as nominee of The Depository Trust Company of

New York ("DTC"), and except as provided in subsection (f) hereof, all of the outstanding Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the Issuer and the Paying Agent/Registrar shall have no responsibility or obligation to any securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created ("DTC Participant") to hold securities to facilitate the clearance and settlement of securities transactions among DTC Participants or to any person on behalf of whom such a DTC Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the Issuer and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other person, other than a registered owner of Bonds, as shown on the Registration Books, of any notice with respect to the Bonds, or (iii) the payment to any DTC Participant or any other person, other than a registered owner of Bonds, as shown in the Registration Books of any amount with respect to principal of or interest on the Bonds. Notwithstanding any other provision of this Resolution to the contrary, the Issuer and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Bond is registered in the Registration Books as the absolute owner of such Bond for the purpose of payment of principal and interest with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of and interest on the Bonds only to or upon the order of the registered owners, as shown in the Registration Books as provided in this Resolution, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Issuer's obligations with respect to payment of principal of and interest on the Bonds to the extent of the sum or sums so paid. No person other than a registered owner, as shown in the Registration Books, shall receive a Bond certificate evidencing the obligation of the Issuer to make payments of principal and interest pursuant to this Resolution. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Resolution with respect to interest checks being mailed to the registered owner at the close of business on the Record date, the words "Cede & Co." in this Resolution shall refer to such new nominee of DTC.

(f) Successor Securities Depository; Transfers Outside Book-Entry Only System. In the event that the Issuer determines that DTC is incapable of discharging its responsibilities described herein and in the representation letter of the Issuer to DTC or that it is in the best interest of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, the Issuer shall (i) appoint a successor securities depository, qualified to act as such under Section 17A of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor securities depository or (ii) notify DTC and DTC Participants of the availability through DTC of Bonds and transfer one or more separate Bonds to DTC Participants having Bonds credited to their DTC accounts. In such event, the Bonds shall no longer be restricted to being registered in the Registration Books in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names registered owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Resolution. The foregoing notwithstanding, the Issuer shall not discontinue registration of the Bonds in the name of Cede & Co., as nominee of DTC, without obtaining the prior written consent of the Texas Water Development Board so long as the Texas Water Development Board is the beneficial owner of the Bonds.

(g) Payments to Cede & Co. Notwithstanding any other provision of this Resolution to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of DTC, all payments

with respect to principal of and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, in the manner provided in the representation letter of the Issuer to DTC.

(h) Notice of Redemption. (i) In addition to the notice of redemption set forth in the FORM OF BOND, the Paying Agent/Registrar shall give notice of redemption of the Bonds by first class mail, postage prepaid at least thirty (30) days prior to a redemption date to each registered securities depository and to any national information service that disseminates redemption notices. In addition, in the event of a redemption caused by an advance refunding of the Bonds, the Paying Agent/Registrar shall send a second notice of redemption to the persons specified in the immediately preceding sentence at least thirty (30) days but not more than ninety (90) days prior to the actual redemption date. Any notice sent to the registered securities depositories or such national information services shall be sent so that they are received at least two (2) days prior to the general mailing or publication date of such notice. The Paying Agent/Registrar shall also send a notice of prepayment or redemption to the Registered Owner of any Bond who has not sent the Bonds in for redemption sixty (60) days after the redemption date.

(ii) Each notice of redemption given by the Paying Agent/Registrar, whether required in the FORM OF BOND or in this Section, shall contain a description of the Bonds to be redeemed including the complete name of the Bonds, the Series, the date of issue, the interest rate, the maturity date, the CUSIP number, the certificate numbers, the amounts called of each certificate, the publications and mailing date for the notice, the date of redemption, the redemption price, the name of the Paying Agent/Registrar and the address at which the Bonds may be redeemed, including a contact person and telephone number.

(iii) All redemption payments made by the Paying Agent/Registrar to the Registered Owners shall include a CUSIP number relating to each amount paid to such Registered Owner.

Section 2.04. FORM OF BONDS. The form of the Bonds, including the form of Paying Agent/Registrar's Authentication Certificate, the form of Assignment and the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas to be attached to the Bonds initially issued and delivered pursuant to this Resolution, shall be, respectively, substantially as follows, with such appropriate variations, omissions, or insertions as are permitted or required by this Resolution.

FORM OF BOND

NO. R-	UNITED STATES OF AMERICA	PRINCIPAL
	STATE OF TEXAS	AMOUNT
	TRINITY RIVER AUTHORITY OF TEXAS	\$ _____
	REGIONAL WASTEWATER SYSTEM	
	REVENUE BONDS, SERIES 2012	

<u>INTEREST RATE</u>	<u>DATE OF ISSUANCE</u>	<u>MATURITY DATE</u>	<u>CUSIP NO.</u>
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REGISTERED OWNER:

PRINCIPAL AMOUNT:

DOLLARS

ON THE MATURITY DATE specified above, the TRINITY RIVER AUTHORITY OF TEXAS (the "Issuer"), being a governmental agency, and body corporate and politic of the State of Texas, hereby promises to pay to the Registered Owner set forth above, or registered assigns (hereinafter called the "registered owner") the principal amount set forth above, and to pay interest thereon from the Date of Issuance as set forth above, on _____, _____ and semiannually thereafter on each _____ and _____ to the maturity date specified above, or the date of redemption prior to maturity, at the interest rate per annum specified above, calculated on the basis of a 360-day year composed of twelve 30-day months; except that if this Bond is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such principal amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Bond or Bonds, if any, for which this Bond is being exchanged or converted from is due but has not been paid, then this Bond shall bear interest from the date to which such interest has been paid in full.

THE PRINCIPAL OF AND INTEREST ON this Bond are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Bond shall be paid to the registered owner hereof upon presentation and surrender of this Bond at maturity or upon the date fixed for its redemption prior to maturity, at the principal corporate trust office of The Bank of New York Mellon Trust Company, National Association, Dallas, Texas, which is the "Paying Agent/Registrar" for this Bond. The payment of interest on this Bond shall be made by the Paying Agent/Registrar to the registered owner hereof on each interest payment date by check or draft, dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the Issuer required by the Resolution authorizing the issuance of this Bond (the "Bond Resolution") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check or draft shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the registered owner hereof, at its address as it appeared on the fifteenth calendar day of the month next preceding each such date (the "Record Date") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described; provided, however, that for so long as the Texas Water Development Board ("TWDB") is the registered owner of the Bonds, all payments of principal and interest will be made in wire transfer form at no cost to the TWDB. In addition, interest may be paid by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. 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 Issuer. 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 owner of a Bond appearing on the Registration Books at the close of business on the last business day next preceding the date of mailing of such notice.

ANY ACCRUED INTEREST due at maturity or upon the redemption of this Bond prior to maturity as provided herein shall be paid to the registered owner upon presentation and surrender of this Bond for redemption and payment at the principal corporate trust office of the Paying Agent/Registrar. The Issuer covenants with the registered owner of this Bond that on or before each principal payment date, interest payment date, and accrued interest payment date for this Bond it will make available to the Paying Agent/Registrar, from the "Interest and Sinking Fund" created by the Bond Resolution, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Bonds, when due.

IF THE DATE for the payment of the principal of or interest on this Bond shall be a Saturday, Sunday, a legal holiday, or a day on which banking institutions in the city where the principal corporate trust office of the Paying Agent/Registrar is located are 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 on which 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.

THIS BOND is one of an issue of Bonds initially dated _____, _____, authorized in accordance with the Constitution and laws of the State of Texas in the principal amount of \$_____, FOR THE PURPOSE OF PROVIDING FUNDS TO ACQUIRE AND CONSTRUCT IMPROVEMENTS, BETTERMENTS, EXTENSIONS, AND REPLACEMENTS OF THE AUTHORITY'S REGIONAL WASTEWATER SYSTEM TO PROVIDE WASTEWATER DISPOSAL SYSTEM SERVICES TO CITIES AND OTHERS.

ON _____, _____, or on any date thereafter, the Bonds of this Series may be redeemed prior to their scheduled maturities, at the option of the Issuer, with funds derived from any available and lawful source, as a whole, or in part in inverse order of maturity, and, if in part, the particular Bonds to be redeemed shall be selected and designated by the Issuer, at the redemption price of the principal amount, plus accrued interest to the date fixed for 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 bond information services; 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 Bond 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 escrow 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 escrow 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.

ALL BONDS OF THIS SERIES are issuable solely as fully registered Bonds, without interest coupons, in the denomination of any integral multiple of \$5,000. As provided in the Bond Resolution, this Bond, or any unredeemed portion hereof, may, at the request of the registered owner or the assignee or assignees hereof, be assigned, transferred, converted into and exchanged for a like aggregate principal amount of fully registered Bonds, without interest coupons, payable to the appropriate registered owner, assignee or assignees, as the case may be, having the same denomination or denominations in any integral multiple of \$5,000 as requested in writing by the appropriate registered owner, assignee or assignees, as the case may be, upon surrender of this Bond to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Bond Resolution. Among other requirements for such assignment and transfer, this Bond must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Bond or any portion or portions hereof in any integral multiple of \$5,000 to the assignee or assignees in whose name or names this Bond or any such portion or portions hereof is or are to be registered. The form of Assignment printed or endorsed on this Bond may be executed by the registered owner to evidence the assignment hereof, but such method is not exclusive, and other instruments of assignment satisfactory to the Paying Agent/Registrar may be used to evidence the assignment of this Bond or any portion or portions hereof from time to time by the registered owner. The Paying Agent/Registrar's reasonable standard or customary fees and charges for assigning, transferring, converting and exchanging any Bond or portion thereof will be paid by the Issuer. In any circumstance, any taxes or governmental charges required to be paid with respect thereto shall be paid by the one requesting such assignment, transfer, conversion or exchange, as a condition precedent to the exercise of such privilege. The Paying Agent/Registrar shall not be required to make any such 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.

IN THE EVENT any Paying Agent/Registrar for the Bonds is changed by the Issuer, resigns, or otherwise ceases to act as such, the Issuer has covenanted in the Bond Resolution that it promptly will appoint a competent and legally qualified substitute therefor, and cause written notice thereof to be mailed to the registered owners of the Bonds.

IT IS HEREBY certified, recited, and covenanted that this Bond has been duly and validly authorized, issued, sold, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this Bond have been performed, existed, and been done in accordance with law; that this Bond, together with other bonds, is a special obligation of the Issuer payable from and secured by 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.

THE ISSUER has reserved the right, subject to the restrictions stated in the Bond Resolution, to issue additional parity revenue bonds which also may be made payable from and secured by a first lien on and pledge of the aforesaid Net Revenues.

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 OWNER HEREOF shall never have the right to demand payment of this obligation out of any funds raised or to be raised by the levy of taxes by the Issuer, or from any source other than specified in the Bond Resolution.

BY BECOMING the registered owner of this Bond, the registered owner thereby acknowledges all of the terms and provisions of the Bond Resolution, agrees to be bound by such terms and provisions, acknowledges that the Bond Resolution is duly recorded and available for inspection in the official minutes and records of the governing body of the Issuer, and agrees that the terms and provisions of this Bond and the Bond Resolution constitute a contract between each registered owner hereof and the Issuer.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be signed with the facsimile signature of the President of the Issuer and countersigned with the facsimile signature of the Secretary of the Issuer, and has caused the official seal of the Issuer to be duly impressed, or placed in facsimile, on this Bond.

Secretary, Board of Directors
Trinity River Authority of Texas

President, Board of Directors
Trinity River Authority of Texas

(AUTHORITY
SEAL)

FORM OF
PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE
(To be executed if this Bond is not accompanied by an
executed Registration Certificate of the Comptroller
of Public Accounts of the State of Texas)

It is hereby certified that this Bond has been issued under the provisions of the Bond Resolution described in the text of this Bond; and that this Bond has been issued in conversion or replacement of, or in exchange for, a bond, bonds, or a portion of a bond or bonds of a Series which originally was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

Dated

THE BANK OF NEW YORK MELLON
TRUST COMPANY, NATIONAL ASSOCIATION
Paying Agent/Registrar

By _____
Authorized Representative

FORM OF ASSIGNMENT

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto

Please insert Social Security or Taxpayer
Identification Number of Transferee

(Please print or typewrite name and address,
including zip code of Transferee)

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____, attorney, to register the transfer of the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by an eligible guarantor institution participating in a securities transfer association recognized signature guarantee program.

NOTICE: The signature above must correspond with the name of the registered owner as it appears upon the front of this Bond in every particular, without alteration or enlargement or any change whatsoever.

FORM OF REGISTRATION CERTIFICATE OF
THE COMPTROLLER OF PUBLIC ACCOUNTS:

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO.

I hereby certify that this Bond has been examined, certified as to validity, and approved by the Attorney General of the State of Texas, and that this Bond has been registered by the Comptroller of Public Accounts of the State of Texas.

Witness my signature and seal this

XXXXXX
Comptroller of Public Accounts
of the State of Texas

(COMPTROLLER'S SEAL)

Section 2.05. DEFEASANCE OF BONDS. (a) Any Bond and the interest thereon shall be deemed to be paid, retired, and no longer outstanding (a "Defeased Bond") within the meaning of this Resolution, except to the extent provided in subsection (d) of this Section, when payment of the principal of such Bond, plus interest thereon to the due date (whether such due date be by reason of maturity or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar in accordance with an escrow agreement or other instrument (the "Future Escrow Agreement") for such payment (1) lawful money of the United States of America sufficient to make such payment or (2) Defeasance Securities that mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to provide for such payment, and when proper arrangements have been made by the Issuer with the Paying Agent/Registrar for the payment of its services until all Defeased Bonds shall have become due and payable. At such time as a Bond shall be deemed to be a Defeased Bond hereunder, as aforesaid, such Bond and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the Net Revenues herein pledged as provided in this Resolution, and such principal and interest shall be payable solely from such money or Defeasance Securities. Notwithstanding any other provision of this Resolution to the contrary, it is hereby provided that any determination not to redeem Defeased Bonds that is made in conjunction with the payment arrangements specified in subsection 2.05(a)(i) or (ii) shall not be irrevocable, provided that: (1) in the proceedings providing for such payment arrangements, the Issuer expressly reserves the right to call the Defeased Bonds for redemption; (2) gives notice of the reservation of that right to the owners of the Defeased Bonds immediately following the making of the payment arrangements; and (3) directs that notice of the reservation be included in any redemption notices that it authorizes. The Issuer shall provide concurrent written notice to the Texas Water Development Board of the creation and funding of a Future Escrow Agreement with respect to the Bonds if the Texas Water Development Board is the beneficial owner of the Bonds at the time of its creation and funding.

(b) Any moneys so deposited with the Paying Agent/Registrar may at the written direction of the Issuer also be invested in Defeasance Securities, maturing in the amounts and times as hereinbefore set forth, and all income from such Defeasance Securities received by the Paying Agent/Registrar that is not required for the payment of the Bonds and interest thereon, with respect to which such money has been so deposited, shall be turned over to the Issuer, or deposited as directed in writing by the Issuer. Any Future Escrow Agreement pursuant to which the money and/or Defeasance Securities are held for the payment of Defeased Bonds may contain provisions permitting the investment or reinvestment of such moneys in Defeasance Securities or the substitution of other Defeasance Securities upon the satisfaction of the requirements specified in subsection 2.05(a)(i) or (ii). All income from such Defeasance Securities received by the Paying Agent/Registrar which is not required for the payment of the Defeased Bonds, with respect to which such money has been so deposited, shall be remitted to the Issuer or deposited as directed in writing by the Issuer.

(c) The term "Defeasance Securities" means any securities and obligations now or hereafter authorized by State law that are eligible to discharge obligations such as the Bonds.

(d) Until all Defeased Bonds shall have become due and payable, the Paying Agent/Registrar shall perform the services of Paying Agent/Registrar for such Defeased Bonds the same as if they had not

been defeased, and the Issuer shall make proper arrangements to provide and pay for such services as required by this Resolution.

(e) In the event that the Issuer elects to defease less than all of the principal amount of Bonds of a maturity, the Paying Agent/Registrar shall select, or cause to be selected, such amount of Bonds by such random method as it deems fair and appropriate.

Section 2.06. **DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED BONDS.** (a) Replacement Bonds. In the event any outstanding Bond is damaged, mutilated, lost, stolen, or destroyed, the Paying Agent/Registrar shall cause to be printed, executed, and delivered, a new bond of the same principal amount, maturity, and interest rate, as the damaged, mutilated, lost, stolen, or destroyed Bond, in replacement for such Bond in the manner hereinafter provided.

(b) Application for Replacement Bonds. Application for replacement of damaged, mutilated, lost, stolen, or destroyed Bonds shall be made by the registered owner thereof to the Paying Agent/Registrar. In every case of loss, theft, or destruction of a Bond, the registered owner applying for a replacement bond shall furnish to the Issuer and to the Paying Agent/Registrar such security or indemnity as may be required by them to save each of them harmless from any loss or damage with respect thereto. Also, in every case of loss, theft, or destruction of a Bond, the registered owner shall furnish to the Issuer and to the Paying Agent/Registrar evidence to their satisfaction of the loss, theft, or destruction of such Bond, as the case may be. In every case of damage or mutilation of a Bond, the registered owner shall surrender to the Paying Agent/Registrar for cancellation the Bond so damaged or mutilated.

(c) No Default Occurred. Notwithstanding the foregoing provisions of this Section, in the event any such Bond shall have matured, and no default has occurred which is then continuing in the payment of the principal of, redemption premium, if any, or interest on the Bond, the Issuer may authorize the payment of the same (without surrender thereof except in the case of a damaged or mutilated Bond) instead of issuing a replacement Bond, provided security or indemnity is furnished as above provided in this Section.

(d) Charge for Issuing Replacement Bonds. Prior to the issuance of any replacement bond, the Paying Agent/Registrar shall charge the registered owner of such Bond with all legal, printing, and other expenses in connection therewith. Every replacement bond issued pursuant to the provisions of this Section by virtue of the fact that any Bond is lost, stolen, or destroyed shall constitute a contractual obligation of the Issuer whether or not the lost, stolen, or destroyed Bond shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits of this Resolution equally and proportionately with any and all other Bonds duly issued under this Resolution.

(e) Authority for Issuing Replacement Bonds. In accordance with Subchapter B, Chapter 1206, Texas Government Code, this Section shall constitute authority for the issuance of any such replacement bond without necessity of further action by the governing body of the Issuer or any other body or person, and the duty of the replacement of such bonds is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such Bonds in the form and manner and with the effect, as provided in Section 2.03 of this Resolution for Bonds issued in conversion and exchange for other Bonds.

Section 2.07. **CUSTODY, APPROVAL, AND REGISTRATION OF BONDS; BOND COUNSEL'S OPINION, CUSIP NUMBERS, AND INSURANCE.** The President of the Board and the Authorized Officer are hereby authorized to have control of the Bonds issued hereunder and all necessary records and proceedings pertaining to the Bonds pending their delivery and their investigation, examination, and approval by the Attorney General of the State of Texas, and their registration by the

Comptroller of Public Accounts of the State of Texas. Upon registration of the Bonds said Comptroller of Public Accounts (or a deputy designated in writing to act for said Comptroller) shall manually sign the Comptroller's Registration Certificate on the Bonds, and the seal of said Comptroller shall be impressed, or placed in facsimile, on the Bonds. The approving legal opinion of the Issuer's Bond Counsel and the assigned CUSIP numbers may, at the option of the Issuer, be printed on the Bonds or on any Parity Bonds issued and delivered in conversion of and exchange or replacement of any Bond, but neither shall have any legal effect, and shall be solely for the convenience and information of the registered owners of the Bonds. If insurance is obtained on any of the Bonds, the Bonds and all other Bonds shall bear an appropriate legend concerning insurance as provided by the insurer.

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 Authority under the Contracts.

Section 3.03. **PLEDGE.** (a) The Contracts provide for the payment by the Cities and the Airport Board to the Authority 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 Authority'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 Authority from the Cities and the Airport Board 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 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 Authority 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 Authority 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 Authority 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 an amount sufficient to provide for the payment of interest on the Bonds during a period of acquisition and construction of the proposed improvements to the System as determined by the Authorized Officer; 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 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 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 Authority 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 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 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 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 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 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.

ARTICLE V

BOND PROCEEDS

Section 5.01. **IMPROVEMENT ACCOUNT.** All remaining proceeds from the sale of the Bonds after the above deposits required by ARTICLE IV have been made shall be deposited into one or more separate and special accounts, each to be designated a "Series ____ Bonds Regional Wastewater System Improvement Account", which are hereby directed to be created by and pursuant to this Resolution, to be established and maintained by the Issuer at a permitted FDIC-insured, official state depository institution separate and apart from all other funds and accounts of the Issuer, to be used to carry out the purposes for which the Bonds have been issued.

Section 5.02. **USE OF PROCEEDS.** Interest earnings derived from the investment of proceeds from the sale of the Bonds (which investments shall be made as permitted by sections 8(n) and 8-B, Article 8280-188, V.A.T.C.S., as amended, and in compliance with the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended, and the Public Funds Collateral Act, Chapter 2257, Texas Government Code, as amended), other than proceeds deposited in accordance with Sections 4.01, 4.02, and 4.03 hereof, shall be used along with other available proceeds for improving the System; provided that after such improvements have been completed 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 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 Authority, 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. **TAX COVENANTS.** 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 President of the Board of Authority, or the Authorized Officer, 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. This Resolution is intended to satisfy the official intent requirements set forth in section 1.150-2 of the Treasury Regulations.

Section 7.02. ALLOCATION OF, AND LIMITATION ON, EXPENDITURES FOR THE PROJECT. The Issuer covenants to account for the expenditure of sale proceeds and investment earnings to be used for the purposes described in Section 2.01 of this Resolution (the "Project") on its books and records in accordance with the requirements of the Internal Revenue Code. The Issuer recognizes that in order for the proceeds to be considered used for the reimbursement of costs, the proceeds must be allocated to expenditures within 18 months of the later of the date that (1) the expenditure is made, or (2) the Project is completed; but in no event later than three years after the date on which the original expenditure is paid. The foregoing notwithstanding, the Issuer recognizes that in order for proceeds to be expended under the Internal Revenue Code, the sale proceeds or investment earnings must be expended no more than 60 days after the earlier of (1) the fifth anniversary of the delivery of the Bonds, or (2) the date the Bonds are retired. The Issuer agrees to obtain the advice of nationally-recognized bond counsel if such expenditure fails to comply with the foregoing to assure that such expenditure will not adversely affect the tax-exempt status of the Bonds. 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.

Section 7.03. DISPOSITION OF PROJECT. The Issuer covenants that the property constituting the Project 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 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.

(d) The Issuer additionally covenants, for the benefit of the beneficial owners of the Bonds, and for the beneficial owners of Texas Water Development Board bonds, to request and use its best efforts to obtain the financial information and operating data from the Contracting Parties of the type to be included in Appendix B of any official statements of the Issuer relating to "Bonds" (as defined in the Continuing Disclosure Agreements), and to file, or cause to be filed, such financial information and operating data in the manner required by the Rule as if the Bonds had been initially sold pursuant to an "Offering" as defined in the Rule.

ARTICLE X

TEXAS WATER DEVELOPMENT BOARD REQUIREMENTS

Section 10.1. **FINAL ACCOUNTING.** The Issuer shall render a final accounting to the TWDB in reference to the total cost incurred by the Issuer for improvements and extensions to the System, together with a copy of "as built" plans of the project upon completion.

Section 10.2. **SURPLUS BOND PROCEEDS.** The Issuer shall use any surplus proceeds from the Bonds remaining after completion of the improvements, to ratably redeem, in inverse order of maturity, the Bonds owned by the TWDB.

Section 10.3. **ANNUAL REPORTS.** Annual audits of the Issuer shall be delivered to the TWDB as long as the State of Texas owns any of the Bonds.

Section 10.4. **COMPLIANCE WITH THE TWDB'S RULES AND REGULATIONS.** The Issuer covenants to comply with the rules and regulations of the TWDB, and to maintain insurance on the Issuer's System in an amount sufficient to protect the interests of the TWDB in the project. The Issuer (i) covenants to maintain rates and charges to the Contracting Parties sufficient to meet the debt service requirements on the Bonds and outstanding Parity Bonds and (ii) has required in existing Contracts and will require in any future Contract with any Additional Contracting Party that such Additional Contracting Party maintain rates and charges for its water and sewer system sufficient to pay the Additional Contracting Party's obligations secured by and made payable from the revenues derived from the operation of its water and sewer system.

Section 10.5. ESCROW AGREEMENT. The Authorized Officer shall approve, execute and deliver an appropriate escrow agreement with a qualified and properly chartered trust institution. Proceeds of the Bonds required to be deposited under an escrow agreement shall be disposed of and released in accordance with TWDB Rules Relating to Financial Programs or as otherwise authorized and directed by the TWDB.

Section 10.6. ENVIRONMENTAL INDEMNIFICATION. The Issuer agrees to indemnify, hold harmless and protect the TWDB from any and all claims, causes of action or damages to the person or property of third parties arising from the sampling, analysis, transport, storage, treatment and/or removal and disposition of any contaminated sewage sludge, contaminated sediments and/or contaminated media that may be generated by the Issuer, its contractors, consultants, agents, officials and employees as a result of activities relating to the project to the extent permitted by law.

Section 10.7. SPECIAL COVENANTS. Until the Bonds have been redeemed, paid or defeased, the Issuer will (i) implement any water conservation program required by the Board of the TWDB, (ii) comply with any special conditions specified by the Board of the TWDB in an environmental determination, (iii) maintain current, accurate and complete records and accounts necessary to demonstrate compliance with generally accepted government accounting standards and other financial assistance related legal and contractual provisions, (iv) immediately upon closing and delivery of the Bonds, the Issuer shall pay to the TWDB a 1.85% origination charge with respect to the Bonds calculated pursuant to the rules of the TWDB and (v) all laborers and mechanics employed by contractors and subcontractors for projects for which Bond proceeds will be used shall be paid wages at rates not less than those prevailing on projects of a similar character in the locality in accordance with the Davis-Bacon Act, and the U.S. Department of Labor's implementing regulations, and all project related contracts will mandate compliance with said Act.

Section 10.8. COLLATERAL REQUIREMENTS. The Issuer agrees that all uninvested and uninsured funds held pursuant to this Resolution shall be managed and collateralized as required by the Public Funds Collateral Act, Chapter 2257, Texas Government Code, as amended.

ARTICLE XI

MISCELLANEOUS

Section 11.01. 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 11.02. 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.

CERTIFICATE OF GENERAL MANAGER

CERTIFICATE OF GENERAL MANAGER

I, the undersigned General Manager of the Trinity River Authority of Texas (the "Issuer"), acting pursuant to the authority granted to me by resolution of the Board of Directors of the Issuer adopted on June 27, 2012 (the "Resolution") relating to the issuance of Trinity River Authority of Texas Regional Wastewater System Revenue Bonds, Series 2012 (the "Bonds") hereby find, determine and commit on behalf of the Issuer to sell and deliver the Bonds to the Texas Water Development Board ("TWDB") pursuant to the Resolution on the following terms:

1. The Bonds are hereby sold and shall be delivered to, and shall be initially registered in the name of, the TEXAS WATER DEVELOPMENT BOARD, for cash at a price of par.

2. The principal amount of the Bonds shall be \$74,270,000.

3. The Bonds shall be dated July 15, 2012, shall be numbered from R-1 upwards and shall mature and bear interest from their date of delivery to TWDB (i.e., the Date of Issuance) as follows:

<u>MATURITY DATE</u> <u>(August 1)</u>	<u>PRINCIPAL</u> <u>AMOUNT(\$)</u>	<u>INTEREST</u> <u>RATE(%)</u>
2014	2,430,000	0.000
2015	2,555,000	0.000
2016	2,685,000	0.000
2017	2,815,000	0.000
2018	2,955,000	0.100
2019	3,100,000	0.330
2020	3,260,000	0.570
2021	3,420,000	0.770
2022	3,595,000	0.910
2023	3,775,000	1.070
2024	3,960,000	1.220
2025	4,160,000	1.350
2026	4,365,000	1.440
2027	4,585,000	1.520
2028	4,815,000	1.590
2029	5,055,000	1.660
2030	5,310,000	1.730
2031	5,575,000	1.800
2032	5,855,000	1.870

4. Interest on the Bonds shall be payable February 1 and August 1 of each year, commencing February 1, 2013.

5. The Bonds scheduled to mature on and after August 1, 2023, shall be redeemable prior to their scheduled maturities, in whole or in part, and, if in part, in inverse order of maturity, at the option of the Issuer, on August 1, 2022 or on any date thereafter, for the principal amount thereof plus accrued interest to the date fixed for redemption, and without premium.

6. The Issuer will maintain rates and charges to the "Contracting Parties" (as defined in the Resolution) in amounts sufficient to meet the debt service requirements on the Bonds and other

obligations of the Issuer that are supported by the contract payments of the Contracting Parties. The Issuer will, upon request by the Executive Administrator of the TWDB, submit annual audits of Contracting Parties for the Executive Administrator's review.

7. Immediately upon closing and delivery of the Bonds, the Issuer shall pay to the TWDB a 1.85% origination charge with respect to the Bonds calculated pursuant to the rules of the TWDB.

8. Proceeds from the sale of the Bonds shall come from and be used and deposited as follows:

Sources of Funds:	Total (\$)
Principal Amount of Bonds	74,270,000.00
TOTAL SOURCES	74,270,000.00
Uses of Funds:	
TWDB origination fee	1,349,038.00
Costs of Issuance	813,000.00
Construction Fund	69,230,973.88
Capitalized interest	1,245,601.50
Reserve Fund	1,631,386.62
TOTAL USES	74,270,000.00

9. The Issuer will not discontinue the use of DTC without giving prior written notice to TWDB.

10. The Issuer hereby creates and establishes and shall maintain on the books of the Issuer a separate fund to be entitled the "Series 2012 Bonds Regional Wastewater System Improvement Account" for use by the Issuer for payment of all lawful costs associated with the acquisition and construction of the Project as hereinbefore provided. Upon payment of all such costs, any moneys remaining on deposit in said Fund shall be transferred to the Interest and Sinking Fund. Amounts so deposited to the Interest and Sinking Fund shall be used in the manner described in Section 10.02 of the Resolution.

11. The Bonds shall be substantially in the form attached hereto as Exhibit A.

12. The Issuer covenants to maintain insurance on the Issuer's System in an amount sufficient to protect the TWDB's interest in the project financed with the proceeds of the Bonds.

13. The Issuer covenants that all laborers and mechanics employed by contractors and subcontractors for projects for which Bond proceeds will be used shall be paid wages at rates not less than those prevailing on projects of a similar character in the locality in accordance with the Davis-Bacon Act, and the U.S. Department of Labor's implementing regulations. The recipient, all contractors, and all subcontractors shall ensure that all project contracts mandate compliance with the Davis-Bacon Act.

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Witness my hand this _____.

TRINITY RIVER AUTHORITY OF TEXAS

J. Kevin Ward
General Manager

EXHIBIT A

FORM OF BOND

NO. R-	UNITED STATES OF AMERICA STATE OF TEXAS TRINITY RIVER AUTHORITY OF TEXAS REGIONAL WASTEWATER SYSTEM REVENUE BONDS, SERIES 2012	PRINCIPAL AMOUNT \$ _____
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<u>INTEREST RATE</u>	<u>DATE OF ISSUANCE</u>	<u>MATURITY DATE</u>	<u>CUSIP NO.</u>
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August 1, 2012

REGISTERED OWNER:

PRINCIPAL AMOUNT:

ON THE MATURITY DATE specified above, the TRINITY RIVER AUTHORITY OF TEXAS (the "Issuer"), being a governmental agency, and body corporate and politic of the State of Texas, hereby promises to pay to the Registered Owner set forth above, or registered assigns (hereinafter called the "registered owner") the principal amount set forth above, and to pay interest thereon from the Date of Issuance as set forth above, on February 1, 2013 and semiannually thereafter on each August 1 and February 1 to the maturity date specified above, or the date of redemption prior to maturity, at the interest rate per annum specified above, calculated on the basis of a 360-day year composed of twelve 30-day months; except that if this Bond is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such principal amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Bond or Bonds, if any, for which this Bond is being exchanged or converted from is due but has not been paid, then this Bond shall bear interest from the date to which such interest has been paid in full.

THE PRINCIPAL OF AND INTEREST ON this Bond are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Bond shall be paid to the registered owner hereof upon presentation and surrender of this Bond at maturity or upon the date fixed for its redemption prior to maturity, at the principal corporate trust office of The Bank of New York Mellon Trust Company, National Association, Dallas, Texas, which is the "Paying Agent/Registrar" for this Bond. The payment of interest on this Bond shall be made by the Paying Agent/Registrar to the registered owner hereof on each interest payment date by check or draft, dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the Issuer required by the Resolution authorizing the issuance of this Bond (the "Bond Resolution") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check or draft shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the registered owner hereof, at its address as it appeared on the fifteenth calendar day of the month next preceding each such date (the "Record Date") on the Registration Books kept by the

Paying Agent/Registrar, as hereinafter described; provided, however, that for so long as the Texas Water Development Board ("TWDB") is the registered owner of the Bonds, all payments of principal and interest will be made in wire transfer form at no cost to the TWDB. In addition, interest may be paid by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. 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 Issuer. 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 owner of a Bond appearing on the Registration Books at the close of business on the last business day next preceding the date of mailing of such notice.

ANY ACCRUED INTEREST due at maturity or upon the redemption of this Bond prior to maturity as provided herein shall be paid to the registered owner upon presentation and surrender of this Bond for redemption and payment at the principal corporate trust office of the Paying Agent/Registrar. The Issuer covenants with the registered owner of this Bond that on or before each principal payment date, interest payment date, and accrued interest payment date for this Bond it will make available to the Paying Agent/Registrar, from the "Interest and Sinking Fund" created by the Bond Resolution, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Bonds, when due.

IF THE DATE for the payment of the principal of or interest on this Bond shall be a Saturday, Sunday, a legal holiday, or a day on which banking institutions in the city where the principal corporate trust office of the Paying Agent/Registrar is located are 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 on which 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.

THIS BOND is one of an issue of Bonds initially dated July 15, 2012, authorized in accordance with the Constitution and laws of the State of Texas in the principal amount of \$74,270,000, FOR THE PURPOSE OF PROVIDING FUNDS TO ACQUIRE AND CONSTRUCT IMPROVEMENTS, BETTERMENTS, EXTENSIONS, AND REPLACEMENTS OF THE AUTHORITY'S REGIONAL WASTEWATER SYSTEM TO PROVIDE WASTEWATER DISPOSAL SYSTEM SERVICES TO CITIES AND OTHERS.

ON AUGUST 1, 2022, or on any date thereafter, the Bonds of this Series may be redeemed prior to their scheduled maturities, at the option of the Issuer, with funds derived from any available and lawful source, as a whole, or in part in inverse order of maturity, and, if in part, the particular Bonds to be redeemed shall be selected and designated by the Issuer, at the redemption price of the principal amount, plus accrued interest to the date fixed for 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 bond information services; 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 Bond 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 escrow 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 escrow 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.

ALL BONDS OF THIS SERIES are issuable solely as fully registered Bonds, without interest coupons, in the denomination of any integral multiple of \$5,000. As provided in the Bond Resolution, this Bond, or any unredeemed portion hereof, may, at the request of the registered owner or the assignee or assignees hereof, be assigned, transferred, converted into and exchanged for a like aggregate principal amount of fully registered Bonds, without interest coupons, payable to the appropriate registered owner, assignee or assignees, as the case may be, having the same denomination or denominations in any integral multiple of \$5,000 as requested in writing by the appropriate registered owner, assignee or assignees, as the case may be, upon surrender of this Bond to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Bond Resolution. Among other requirements for such assignment and transfer, this Bond must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Bond or any portion or portions hereof in any integral multiple of \$5,000 to the assignee or assignees in whose name or names this Bond or any such portion or portions hereof is or are to be registered. The form of Assignment printed or endorsed on this Bond may be executed by the registered owner to evidence the assignment hereof, but such method is not exclusive, and other instruments of assignment satisfactory to the Paying Agent/Registrar may be used to evidence the assignment of this Bond or any portion or portions hereof from time to time by the registered owner. The Paying Agent/Registrar's reasonable standard or customary fees and charges for assigning, transferring, converting and exchanging any Bond or portion thereof will be paid by the Issuer. In any circumstance, any taxes or governmental charges required to be paid with respect thereto shall be paid by the one requesting such assignment, transfer, conversion or exchange, as a condition precedent to the exercise of such privilege. The Paying Agent/Registrar shall not be required to make any such 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.

IN THE EVENT any Paying Agent/Registrar for the Bonds is changed by the Issuer, resigns, or otherwise ceases to act as such, the Issuer has covenanted in the Bond Resolution that it promptly will appoint a competent and legally qualified substitute therefor, and cause written notice thereof to be mailed to the registered owners of the Bonds.

IT IS HEREBY certified, recited, and covenanted that this Bond has been duly and validly authorized, issued, sold, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this Bond have been performed, existed, and been done in accordance with law; that this Bond, together with other bonds, is a special obligation of the Issuer payable from and secured by 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.

THE ISSUER has reserved the right, subject to the restrictions stated in the Bond Resolution, to issue additional parity revenue bonds which also may be made payable from and secured by a first lien on and pledge of the aforesaid Net Revenues.

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 OWNER HEREOF shall never have the right to demand payment of this obligation out of any funds raised or to be raised by the levy of taxes by the Issuer, or from any source other than specified in the Bond Resolution.

BY BECOMING the registered owner of this Bond, the registered owner thereby acknowledges all of the terms and provisions of the Bond Resolution, agrees to be bound by such terms and provisions, acknowledges that the Bond Resolution is duly recorded and available for inspection in the official minutes and records of the governing body of the Issuer, and agrees that the terms and provisions of this Bond and the Bond Resolution constitute a contract between each registered owner hereof and the Issuer.

Dated: _____

Signature Guaranteed

NOTICE: Signature(s) must be guaranteed by an eligible guarantor institution participating in a securities transfer association recognized signature guarantee program.

NOTICE: The signature above must correspond with the name of the registered owner as it appears upon the front of this Bond in every particular, without alteration or enlargement or any change whatsoever.

FORM OF
COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO.

I hereby certify that this Bond has been examined, certified as to validity, and approved by the Attorney General of the State of Texas, and that this Bond has been registered by the Comptroller of Public Accounts of the State of Texas.

Witness my signature and seal this

Xxxxxxx
Comptroller of Public Accounts
of the State of Texas

(COMPTROLLER'S SEAL)

APPENDIX C
FORM OF OPINION OF BOND COUNSEL

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

McCALL, PARKHURST & HORTON L.L.P.

600 CONGRESS AVENUE
Suite 1800
AUSTIN, TEXAS 78701-3248
Telephone: 512 478-3805
Facsimile: 512 472-0871

717 NORTH HARWOOD
Suite 900
DALLAS, TEXAS 75201-6587
Telephone: 214 754-9200
Facsimile: 214 754-9250

700 N. ST. MARY'S STREET
Suite 1525
SAN ANTONIO, TEXAS 78205-3603
Telephone: 210 225-2800
Facsimile: 210 225-2984

**TRINITY RIVER AUTHORITY OF TEXAS REGIONAL WASTEWATER
SYSTEM REVENUE BONDS, SERIES 2012, DATED JULY 15, 2012, IN THE
PRINCIPAL AMOUNT OF \$74,270,000**

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 and bear interest from the dates specified in the text of the Bonds, until maturity or redemption, at the rates and payable on the dates as stated in the text of the Bonds, with the Bonds being subject to redemption prior to maturity, all as provided in the resolution of the Issuer authorizing the issuance of the Bonds, including the Certificate of General Manager authorized thereby (collectively, the "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 the 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 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 payable from and secured by a first lien on and pledge of the Issuer's "Net Revenues" from "Contracts" between the Issuer and the Contracting Parties specified in the 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.

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, and assume compliance by the Issuer 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 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.

THE ISSUER has reserved the right, subject to the restrictions stated in the Resolution, to issue additional revenue bonds payable from and secured by a first lien on and pledge of the aforesaid Net Revenues from the Contracts on a parity with the Bonds.

THE ISSUER also has reserved the right to amend the Resolution, subject to the restrictions stated in the 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 Resolution.

WE HAVE ACTED AS BOND COUNSEL for the Issuer for the sole purpose of rendering an opinion with respect to the legality and validity of the bonds described above under the Constitution and laws of the State of Texas, and with respect to the exemption of the interest on such bonds from federal income taxes, and for no other reason or purpose. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result. We have not been requested to investigate or verify, and have not 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 adequacy of the pledged Net Revenues from Contracts, and have not assumed any responsibility with respect thereto. 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 sufficiency of the Net Revenues.

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,

APPENDIX D
DRAW SCHEDULE

Central Regional Wastewater System - Draw Down Spending Schedule
 TWDB Loan - \$74,270,000

6/28/2012

Month/Year		Monthly Cost		Cumulative Cost	
Aug-12	1	\$	6,735,000	\$	6,735,000
Sep-12	2	\$	150,250	\$	6,885,250
Oct-12	3	\$	165,750	\$	7,051,000
Nov-12	4	\$	182,500	\$	7,233,500
Dec-12	5	\$	190,300	\$	7,423,800
Jan-13	6	\$	210,000	\$	7,633,800
Feb-13	7	\$	281,000	\$	7,914,800
Mar-13	8	\$	250,800	\$	8,165,600
Apr-13	9	\$	258,500	\$	8,424,100
May-13	10	\$	266,400	\$	8,690,500
Jun-13	11	\$	290,500	\$	8,981,000
Jul-13	12	\$	357,000	\$	9,338,000
Aug-13	13	\$	609,800	\$	9,947,800
Sep-13	14	\$	1,502,500	\$	11,450,300
Oct-13	15	\$	2,924,500	\$	14,374,800
Nov-13	16	\$	3,520,400	\$	17,895,200
Dec-13	17	\$	4,214,500	\$	22,109,700
Jan-14	18	\$	3,614,500	\$	25,724,200
Feb-14	19	\$	4,245,000	\$	29,969,200
Mar-14	20	\$	3,790,400	\$	33,759,600
Apr-14	21	\$	4,260,000	\$	38,019,600
May-14	22	\$	3,780,000	\$	41,799,600
Jun-14	23	\$	2,789,000	\$	44,588,600
Jul-14	24	\$	3,450,000	\$	48,038,600
Aug-14	25	\$	2,758,000	\$	50,796,600
Sep-14	26	\$	3,585,000	\$	54,381,600
Oct-14	27	\$	2,490,000	\$	56,871,600
Nov-14	28	\$	3,625,000	\$	60,496,600
Dec-14	29	\$	2,786,400	\$	63,283,000
Jan-15	30	\$	2,980,000	\$	66,263,000
Feb-15	31	\$	1,240,000	\$	67,503,000
Mar-15	32	\$	1,498,000	\$	69,001,000
Apr-15	33	\$	1,525,000	\$	70,526,000
May-15	34	\$	1,460,000	\$	71,986,000
Jun-15	35	\$	1,325,000	\$	73,311,000
Jul-15	36	\$	959,000	\$	74,270,000

TAB 3

RESOLUTION NO. R-1350

CERTIFICATE FOR RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF TRINITY RIVER AUTHORITY OF TEXAS REGIONAL WASTEWATER SYSTEM REVENUE BONDS AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO

THE STATE OF TEXAS :
TRINITY RIVER AUTHORITY OF TEXAS :

I, the undersigned, Secretary of the Board of Directors of Trinity River Authority of Texas, being the official keeper of the minutes and records of said Authority, hereby certify as follows:

1. The Board of Directors of said Authority convened in REGULAR MEETING ON THE 27TH DAY OF JUNE, 2012, at the designated meeting place, and the roll was called of the duly constituted officers and members of said Board, to-wit:

Harold L. Barnard, President
Kim C. Wyatt, Vice President
Howard S. Slobodin, Secretary
William W. Collins, Jr.
Christina Melton Crain
Michael Cronin
Steve Cronin
Amanda B. Davis
Ronald J. Goldman
Martha A. Hernandez
Harold E. Jenkins
John W. Jenkins
Jess A. Laird

Nancy E. Lavinski
David B. Leonard
Andrew Martinez
Kevin Maxwell
Dennis "Joe" McCleskey
James W. Neale
Manny Rachal
Amir A. Rupani
Ana Laura Saucedo
Shirley K. Seale
J. Carol Spillars
Linda D. Timmerman, Ed.D.
Vacancy

and, at the time of adoption of the resolution hereinafter described, all of said persons were present and voted, except the following absentees: Saucedo, Michael Cronin, Wyatt & Leonard. Whereupon, a quorum being present, the following was transacted at said Meeting: a written

RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF TRINITY RIVER AUTHORITY OF TEXAS REGIONAL WASTEWATER SYSTEM REVENUE BONDS AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO

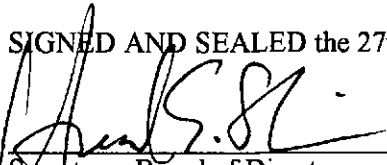
was duly introduced for the consideration of said Board and duly read. It was then duly moved and seconded that said Resolution be adopted; and, after due discussion, said motion, carrying with it the adoption of said resolution, prevailed and carried with all members present voting "AYE" except the following:

NAY: None.

ABSTAIN: None.

2. That a true, full, and correct copy of the aforesaid Resolution adopted at the Meeting described in the above and foregoing paragraph is attached to and follows this Certificate; that said Resolution has been duly recorded in said Board's minutes of said Meeting; that the above and foregoing paragraph is a true, full, and correct excerpt from said Board's minutes of said Meeting pertaining to the adoption of said Resolution; that the persons named in the above and foregoing paragraph are the duly chosen, qualified, and acting officers and members of said Board as indicated therein; and that each of the officers and members of said Board was duly and sufficiently notified officially and personally, in advance, of the time, place, and purpose of the aforesaid Meeting, and that said Resolution would be introduced and considered for adoption at said Meeting; and that said Meeting was open to the public, and public notice of the time, place, and purpose of said Meeting was given, all as required by Chapter 551, Texas Government Code.

SIGNED AND SEALED the 27th day of June, 2012.

A handwritten signature in black ink, appearing to read "A. S. 82", is written over a horizontal line.

Secretary, Board of Directors,
Trinity River Authority of Texas

(AUTHORITY SEAL)

RESOLUTION NO. R-1350

RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF
TRINITY RIVER AUTHORITY OF TEXAS REGIONAL WASTEWATER
SYSTEM REVENUE BONDS AND APPROVING AND AUTHORIZING
INSTRUMENTS AND PROCEDURES RELATING THERETO

THE STATE OF TEXAS
TRINITY RIVER AUTHORITY OF TEXAS

WHEREAS, the Trinity River Authority of Texas (the "Authority" or the "Issuer") and the Contracting Parties, as hereinafter defined, have entered into Contracts, as hereinafter defined, under which the Authority will provide services for receiving, transporting, treating, and disposing of Wastewater; and

WHEREAS, the Contracts and, to the extent not otherwise defined or modified in this Resolution, the definitions set forth in the Contracts, are hereby referred to and adopted for all purposes, the same as if they had been set forth in their entirety in this Resolution; and

WHEREAS, pursuant to the Contracts and appropriate bond resolutions, as hereinafter defined, the Authority has previously issued the following bonds: "Trinity River Authority of Texas Regional Wastewater System Revenue Bonds, Series 1973" (the "Series 1973 Bonds"), in the original principal amount of \$23,000,000, "Trinity River Authority of Texas Regional Wastewater System Revenue Bonds, Series 1976," in the original principal amount of \$14,000,000, "Trinity River Authority of Texas Regional Wastewater System Revenue Bonds, Series 1979," in the original principal amount of \$8,600,000, "Trinity River Authority of Texas Regional Wastewater System Improvement Revenue Bonds, Series 1988," in the original principal amount of \$18,700,000, "Trinity River Authority of Texas Regional Wastewater System Improvement Revenue Bonds, Series 1989," in the original principal amount of \$134,750,000, "Trinity River Authority of Texas Regional Wastewater System Improvement Revenue Bonds, Series 1992," in the original principal amount of \$33,000,000, "Trinity River Authority of Texas Regional Wastewater System Revenue Bonds, Series 1995" in the original principal amount of \$43,515,000, "Trinity River Authority of Texas Regional Wastewater System Revenue Bonds, Series 1998A" in the original principal amount of \$50,845,000, "Trinity River Authority of Texas Regional Wastewater System Revenue Improvement and Refunding Bonds, Series 1998B" in the original principal amount of \$66,950,000, "Trinity River Authority of Texas Regional Wastewater System Revenue Bonds, Series 2001" (the "Series 2001 Bonds") in the original principal amount of \$88,225,000, "Trinity River Authority of Texas Regional Wastewater System Revenue Bonds, Series 2004" (the "Series 2004 Bonds") in the original principal amount of \$106,475,000, "Trinity River Authority of Texas Regional Wastewater System Revenue Bonds, Series 2005" (the "Series 2005 Bonds") in the original principal amount of \$9,525,000, "Trinity River Authority of Texas Regional Wastewater System Revenue Bonds, Series 2007" (the "Series 2007 Bonds") in the original principal amount of \$120,000,000, "Trinity River Authority of Texas Regional Wastewater System Revenue Bonds, Series 2008" (the "Series 2008 Bonds") in the original principal amount of \$90,000,000, "Trinity River Authority of Texas Regional Wastewater System Revenue Bonds, Series 2009" (the "Series 2009 Bonds") in the original principal amount of \$86,780,000, "Trinity River Authority of Texas Regional Wastewater System Revenue Bonds, Series 2010" (the "Series 2010 Bonds") in the original principal amount of \$107,180,000, "Trinity River Authority of Texas Regional Wastewater System Revenue Bonds, Series 2010A" (the "Series 2010A Bonds") in the original principal amount of \$127,005,000 and "Trinity River Authority of Texas Regional Wastewater System Revenue Bonds, Series 2011A" (the "Series 2011A Bonds") in the original principal amount of \$108,395,000, with the above described series of bonds having been issued to finance the acquisition, construction, and improvement of the System described in the Contracts and, with respect to the Series 1998B Bonds, to refund portions of the Authority's bonds issued to finance the acquisition, construction, and improvement of the System described in the Contracts; and portions of the Authority's

bonds issued to finance the acquisition, construction, and improvement of the System described in the Contracts were refunded by the "Trinity River Authority of Texas Regional Wastewater System Revenue Refunding Bonds, Series 1988," in the original principal amount of \$15,460,000, "Trinity River Authority of Texas Regional Wastewater System Revenue Refunding Bonds, Series 1993," in the original principal amount of \$209,940,000, "Trinity River Authority of Texas Regional Wastewater System Revenue Refunding Bonds, Series 2003" (the "Series 2003 Refunding Bonds") in the original principal amount of \$135,885,000, "Trinity River Authority of Texas Regional Wastewater System Revenue Refunding Bonds, Series 2008" (the "Series 2008 Refunding Bonds") in the original principal amount of \$62,020,000 and "Trinity River Authority of Texas Regional Wastewater System Revenue Refunding Bonds, Series 2011" (the "Series 2011 Refunding Bonds") in the original principal amount of \$69,280,000; and

WHEREAS, the 1973 Bond Resolution, and each successive Outstanding Parity Bond Resolution (hereinafter defined), provide that under certain conditions additional parity revenue bonds of the Authority may be issued for improvements, betterments, extensions, and replacements of the System described in the Contracts, and such conditions have been satisfied; and

WHEREAS, the bonds authorized to be issued by this Resolution (the "Bonds") shall be issued and delivered pursuant to Chapter 518, Acts of the 54th Texas Legislature, Regular Session, 1955, as amended, which created and empowers the Authority, Chapter 30, Texas Water Code and other applicable laws.

THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF TRINITY RIVER AUTHORITY OF TEXAS:

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 Authority.
- (d) "Board of Authority" or "Board" means the Board of Directors of the Authority.
- (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 Authority, selected by the Authority.

(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 Authority may contract with in the future to provide service from the System.

(h) "Code" means the Internal Revenue Code of 1986, as amended.

(i) "Contracting Parties" 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, and Southlake, and the Airport Board, and other parties the Authority may contract with in the future to provide service from the System.

(j) "Contracts" means the contracts between the Authority and the Contracting Parties with respect to the services of the System.

(k) "Depository" means the bank or banks which the Authority 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 Authority 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 Authority.

(n) "Independent Consulting Engineer" means the Engineer or engineering firm or corporation at the time employed by the Authority as originally described under the provisions of Section 5.13 of the 1973 Bond Resolution.

(o) "Outstanding Parity Bonds" means the unpaid and unrefunded Series 2003 Refunding Bonds, Series 2004 Bonds, Series 2005 Bonds, Series 2007 Bonds, Series 2008 Bonds, Series 2008 Refunding Bonds, Series 2009 Bonds, Series 2010 Bonds, Series 2010A Bonds, Series 2011 Refunding Bonds and Series 2011A Bonds.

(p) "Outstanding Parity Bond Resolution" or "Outstanding Parity Bond Resolutions" means, individually or collectively, as appropriate, the 2003 Refunding Bond Resolution, the 2004 Bond Resolution, the 2005 Bond Resolution, the 2007 Bond Resolution, the 2008 Bond Resolution, the 2008 Refunding Bond Resolution, the 2009 Bond Resolution, the 2010 Bond Resolution, the 2010A Bond Resolution, the 2011 Refunding Bond Resolution and the 2011A Bond Resolution.

(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 Authority'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 Authority 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 Authority's facilities located within the boundaries of the Dallas-Fort Worth International Airport and defined as the "System" in the contract between Authority 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 Authority acting as a signatory to the State of Texas Water Pollution Control Compact, or any of the facilities designated as Authority's Ten Mile Creek System, or Walker-Calloway Project, or any other facilities of the Authority the revenues from which are not pledged to the payment of the Bonds or Additional Bonds.

(t) "1973 Bond Resolution" means the resolution which authorized the Series 1973 Bonds described in the preamble.

(u) "2003 Refunding Bond Resolution" means the resolution which authorized the Series 2003 Refunding Bonds described in the preamble.

(v) "2004 Bond Resolution" means the resolution which authorized the Series 2004 Bonds described in the preamble.

(w) "2005 Bond Resolution" means the resolution which authorized the Series 2005 Bonds described in the preamble.

(x) "2007 Bond Resolution" means the resolution which authorized the Series 2007 Bonds described in the preamble.

(y) "2008 Bond Resolution" means the resolution which authorized the Series 2008 Bonds described in the preamble.

(z) "2008 Refunding Bond Resolution" means the resolution which authorized the Series 2008 Refunding Bonds described in the preamble.

(aa) "2009 Bond Resolution" means the resolution which authorized the Series 2009 Bonds described in the preamble.

(bb) "2010 Bond Resolution" means the resolution which authorized the Series 2010 Bonds described in the preamble.

(cc) "2010A Bond Resolution" means the resolution which authorized the Series 2010A Bonds described in the preamble.

(dd) "2011 Refunding Bond Resolution" means the resolution which authorized the Series 2011 Refunding Bonds described in the preamble.

(ee) "2011A Bond Resolution" means the resolution which authorized the Series 2011A Bonds described in the preamble.

ARTICLE II

THE BONDS

Section 2.01. **RECITALS, AMOUNT AND PURPOSE OF THE BONDS.** The Board of Authority hereby incorporates the recitals set forth in the preamble hereto as if set forth in full at this place and further finds and determines that said recitals are true and correct. The bonds of the Issuer are hereby authorized to be issued in one or more series and delivered in the aggregate principal amount of not to exceed \$74,270,000, **FOR THE PURPOSE OF PROVIDING FUNDS TO ACQUIRE AND CONSTRUCT IMPROVEMENTS, BETTERMENTS, EXTENSIONS, AND REPLACEMENTS OF THE AUTHORITY'S REGIONAL WASTEWATER SYSTEM TO PROVIDE WASTEWATER DISPOSAL SYSTEM SERVICES TO CITIES AND OTHERS.**

Section 2.02. **DESIGNATION, DATE, DENOMINATIONS, NUMBERS, MATURITIES AND SALE OF BONDS.** (a) Each Bond issued pursuant to this Resolution shall be designated: "TRINITY RIVER AUTHORITY OF TEXAS REGIONAL WASTEWATER SYSTEM REVENUE BOND, SERIES ____", subject to paragraph (b) of this section.

(b) As authorized by Chapter 1371, Texas Government Code, as amended, the General Manager of the Issuer is hereby designated as the "Authorized Officer" of the Issuer, and is hereby authorized, appointed, and designated as the officer or employee of the Issuer authorized to act on behalf of the Issuer in the selling and delivering of the Bonds and carrying out the other procedures specified in this Resolution, including the use of a book-entry-only system with respect to the Bonds and the execution of an appropriate letter of representations if deemed appropriate, the determining and fixing of the date of the Bonds, any additional or different designation or title by which the Bonds shall be known, the price at which the Bonds will be sold, the aggregate principal amount of the Bonds and the amount of each maturity of principal thereof, the due date of each such maturity (not exceeding forty years from the date of the Bonds), the rate of interest to be borne by each such maturity, the interest payment dates and periods, the dates, price and terms upon and at which the Bonds shall be subject to redemption prior to due date or maturity at the option of the Issuer, any mandatory sinking fund redemption provisions, procuring municipal bond insurance, and approving modifications to this Resolution and executing such instruments, documents and agreements as may be necessary with respect thereto, if it is determined that such insurance would be financially desirable and advantageous, and all other matters relating to the issuance, sale and delivery of the Bonds. The Authorized Officer, acting for and on behalf of the Issuer, is authorized to arrange for the Bonds to be sold, in one or more issues, at negotiated sale to the Texas Water Development Board, at such price, in an amount not to exceed the aggregate principal amount set forth above, with such maturities of principal, with such interest rates, and with such optional and mandatory sinking fund redemption provisions, if any, and other matters, as shall be mutually acceptable, and to execute such instruments, documents and agreements as may be necessary with respect thereto. The price to be paid for the Bonds shall be not less than 95% of the initial aggregate principal amount thereof, plus accrued interest thereon from their date to their delivery, if any, and no Bond shall bear interest at a rate greater than 10% per annum. It is further provided, however, that, notwithstanding the foregoing provisions, the Bonds shall not be delivered unless, prior to their delivery, the Bonds have been rated by a nationally recognized rating agency for municipal long term obligations, as required by said Chapter 1371, Texas Government Code, as amended.

Section 2.03. **CHARACTERISTICS OF THE BONDS.** Registration, Transfer, Conversion and Exchange; Authentication. (a) The Issuer shall keep or cause to be kept at the principal corporate trust office of the Paying Agent/Registrar books or records for the registration of the transfer, conversion and exchange of the Bonds (the "Registration Books"), and the Issuer hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such registrations of transfers, conversions and exchanges under such reasonable regulations as the Issuer and Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such registrations, transfers, conversions and exchanges as herein provided. The Paying Agent/Registrar

shall obtain and record in the Registration Books the address of the registered owner of each Bond to which payments with respect to the Bonds shall be mailed, as herein provided; but it shall be the duty of each registered owner to notify the Paying Agent/Registrar in writing of the address to which payments shall be mailed, and such interest payments shall not be mailed unless such notice has been given. The Issuer shall have the right to inspect the Registration Books during regular business hours of the Paying Agent/Registrar, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity. The Issuer shall pay the Paying Agent/Registrar's standard or customary fees and charges for making such registration, transfer, conversion, exchange and delivery of a substitute Bond or Bonds. Registration of assignments, transfers, conversions and exchanges of Bonds shall be made in the manner provided and with the effect stated in the FORM OF BOND set forth in this Resolution. Each substitute Bond shall bear a letter and/or number to distinguish it from each other Bond.

Except as provided in Section 2.03(c) hereof, an authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Bond, date and manually sign said Bond, and no such Bond shall be deemed to be issued or outstanding unless such Bond is so executed. The Paying Agent/Registrar promptly shall cancel all paid Bonds and Bonds surrendered for conversion and exchange. No additional ordinances, orders, or resolutions need be passed or adopted by the governing body of the Issuer or any other body or person so as to accomplish the foregoing conversion and exchange of any Bond or portion thereof, and the Paying Agent/Registrar shall provide for the printing, execution, and delivery of the substitute Bonds in the manner prescribed herein, and said Bonds shall be of type composition printed on paper with lithographed or steel engraved borders of customary weight and strength. Pursuant to Subchapter D, Chapter 1201, Texas Government Code, the duty of conversion and exchange of Bonds as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of said Certificate, the converted and exchanged Bond shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Bonds which initially were issued and delivered pursuant to this Resolution, approved by the Attorney General, and registered by the Comptroller of Public Accounts.

(b) Payment of Bonds and Interest. The Issuer hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of and interest on the Bonds, all as provided in this Resolution. The Paying Agent/Registrar shall keep proper records of all payments made by the Issuer and the Paying Agent/Registrar with respect to the Bonds, and of all conversions and exchanges of Bonds, and all replacements of Bonds, as provided in this Resolution. However, in the event of a nonpayment of interest on a scheduled payment date, and for thirty (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 Issuer. 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 (5) business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each registered owner appearing on the Registration Books at the close of business on the last business day next preceding the date of mailing of such notice.

(c) In General. The Bonds (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on such Bonds to be payable only to the registered owners thereof, (ii) may and shall be redeemed prior to their scheduled maturities (notice of which shall be given to the Paying Agent/Registrar by the Issuer at least 50 days prior to any such redemption date), (iii) transferred and assigned, (iv) may be converted and exchanged for other Bonds, (v) shall have the characteristics, (vi) shall be signed, sealed, executed and authenticated, (vii) the principal of and interest on the Bonds shall be payable, and (viii) shall be administered and the Paying Agent/Registrar and the Issuer shall have certain duties and responsibilities with respect to the Bonds, all as provided, and in the manner and to the effect as required or indicated, in the FORM OF BOND set forth in this Resolution. The Bonds initially issued and delivered pursuant to this Resolution are not required to be, and shall not be, authenticated by the Paying Agent/Registrar, but on each substitute Bond issued in conversion of and exchange for any Bond or Bonds issued under this Resolution the Paying Agent/Registrar shall

execute the PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE, in the form set forth in the FORM OF BOND.

(d) Substitute Paying Agent/Registrar. The Issuer covenants with the registered owners of the Bonds that at all times while the Bonds are outstanding the Issuer will provide a competent and legally qualified bank, trust company, financial institution, or other agency to act as and perform the services of Paying Agent/Registrar for the Bonds under this Resolution, and that the Paying Agent/Registrar will be one entity. The Issuer reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not less than 120 days written notice to the Paying Agent/Registrar, to be effective not later than 60 days prior to the next principal or interest payment date after such notice. In the event that the entity at any time acting as Paying Agent/Registrar (or its successor by merger, acquisition, or other method) should resign or otherwise cease to act as such, the Issuer covenants that promptly it will appoint a competent and legally qualified bank, trust company, financial institution, or other agency to act as Paying Agent/Registrar under this Resolution. Upon any change in the Paying Agent/Registrar, the previous Paying Agent/Registrar promptly shall transfer and deliver the Registration Books (or a copy thereof), along with all other pertinent books and records relating to the Bonds, to the new Paying Agent/Registrar designated and appointed by the Issuer. Upon any change in the Paying Agent/Registrar, the Issuer promptly will cause a written notice thereof to be sent by the new Paying Agent/Registrar to each registered owner of the Bonds, by United States mail, first-class postage prepaid, which notice also shall give the address of the new Paying Agent/Registrar. By accepting the position and performing as such, each Paying Agent/Registrar shall be deemed to have agreed to the provisions of this Resolution, and a certified copy of this Resolution shall be delivered to each Paying Agent/Registrar.

(e) Book-Entry Only System. At the discretion of the Authorized Officer, Bonds may be issued in exchange for the Bonds initially issued to the purchaser specified herein pursuant to a book-entry only system, and if so issued, such Bonds shall be initially issued in the form of a separate single fully registered Bond for each of the maturities thereof. Upon initial issuance, the ownership of each such Bond shall be registered in the name of Cede & Co., as nominee of The Depository Trust Company of New York ("DTC"), and except as provided in subsection (f) hereof, all of the outstanding Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the Issuer and the Paying Agent/Registrar shall have no responsibility or obligation to any securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created ("DTC Participant") to hold securities to facilitate the clearance and settlement of securities transactions among DTC Participants or to any person on behalf of whom such a DTC Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the Issuer and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other person, other than a registered owner of Bonds, as shown on the Registration Books, of any notice with respect to the Bonds, or (iii) the payment to any DTC Participant or any other person, other than a registered owner of Bonds, as shown in the Registration Books of any amount with respect to principal of or interest on the Bonds. Notwithstanding any other provision of this Resolution to the contrary, the Issuer and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Bond is registered in the Registration Books as the absolute owner of such Bond for the purpose of payment of principal and interest with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of and interest on the Bonds only to or upon the order of the registered owners, as shown in the Registration Books as provided in this Resolution, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Issuer's obligations with respect to payment of principal of and interest on the Bonds to the extent of the sum or sums so paid. No person other than a registered owner, as shown in the Registration Books, shall receive a Bond certificate evidencing the obligation of the Issuer to make payments of principal and interest pursuant to

this Resolution. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Resolution with respect to interest checks being mailed to the registered owner at the close of business on the Record date, the words "Cede & Co." in this Resolution shall refer to such new nominee of DTC.

(f) Successor Securities Depository: Transfers Outside Book-Entry Only System. In the event that the Issuer determines that DTC is incapable of discharging its responsibilities described herein and in the representation letter of the Issuer to DTC or that it is in the best interest of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, the Issuer shall (i) appoint a successor securities depository, qualified to act as such under Section 17A of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor securities depository or (ii) notify DTC and DTC Participants of the availability through DTC of Bonds and transfer one or more separate Bonds to DTC Participants having Bonds credited to their DTC accounts. In such event, the Bonds shall no longer be restricted to being registered in the Registration Books in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names registered owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Resolution. The foregoing notwithstanding, the Issuer shall not discontinue registration of the Bonds in the name of Cede & Co., as nominee of DTC, without obtaining the prior written consent of the Texas Water Development Board so long as the Texas Water Development Board is the beneficial owner of the Bonds.

(g) Payments to Cede & Co. Notwithstanding any other provision of this Resolution to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, in the manner provided in the representation letter of the Issuer to DTC.

(h) Notice of Redemption. (i) In addition to the notice of redemption set forth in the FORM OF BOND, the Paying Agent/Registrar shall give notice of redemption of the Bonds by first class mail, postage prepaid at least thirty (30) days prior to a redemption date to each registered securities depository and to any national information service that disseminates redemption notices. In addition, in the event of a redemption caused by an advance refunding of the Bonds, the Paying Agent/Registrar shall send a second notice of redemption to the persons specified in the immediately preceding sentence at least thirty (30) days but not more than ninety (90) days prior to the actual redemption date. Any notice sent to the registered securities depositories or such national information services shall be sent so that they are received at least two (2) days prior to the general mailing or publication date of such notice. The Paying Agent/Registrar shall also send a notice of prepayment or redemption to the Registered Owner of any Bond who has not sent the Bonds in for redemption sixty (60) days after the redemption date.

(ii) Each notice of redemption given by the Paying Agent/Registrar, whether required in the FORM OF BOND or in this Section, shall contain a description of the Bonds to be redeemed including the complete name of the Bonds, the Series, the date of issue, the interest rate, the maturity date, the CUSIP number, the certificate numbers, the amounts called of each certificate, the publications and mailing date for the notice, the date of redemption, the redemption price, the name of the Paying Agent/Registrar and the address at which the Bonds may be redeemed, including a contact person and telephone number.

(iii) All redemption payments made by the Paying Agent/Registrar to the Registered Owners shall include a CUSIP number relating to each amount paid to such Registered Owner.

Section 2.04. FORM OF BONDS. The form of the Bonds, including the form of Paying Agent/Registrar's Authentication Certificate, the form of Assignment and the form of Registration

Certificate of the Comptroller of Public Accounts of the State of Texas to be attached to the Bonds initially issued and delivered pursuant to this Resolution, shall be, respectively, substantially as follows, with such appropriate variations, omissions, or insertions as are permitted or required by this Resolution.

FORM OF BOND

NO. R-	UNITED STATES OF AMERICA STATE OF TEXAS TRINITY RIVER AUTHORITY OF TEXAS REGIONAL WASTEWATER SYSTEM REVENUE BOND, SERIES _____	PRINCIPAL AMOUNT \$ _____
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INTEREST RATE DATE OF ISSUANCE MATURITY DATE CUSIP NO.

_____, ____

REGISTERED OWNER:

PRINCIPAL AMOUNT: DOLLARS

ON THE MATURITY DATE specified above, the TRINITY RIVER AUTHORITY OF TEXAS (the "Issuer"), being a governmental agency, and body corporate and politic of the State of Texas, hereby promises to pay to the Registered Owner set forth above, or registered assigns (hereinafter called the "registered owner") the principal amount set forth above, and to pay interest thereon from the Date of Issuance as set forth above, on _____, _____ and semiannually thereafter on each _____ and _____ to the maturity date specified above, or the date of redemption prior to maturity, at the interest rate per annum specified above, calculated on the basis of a 360-day year composed of twelve 30-day months; except that if this Bond is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such principal amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Bond or Bonds, if any, for which this Bond is being exchanged or converted from is due but has not been paid, then this Bond shall bear interest from the date to which such interest has been paid in full.

THE PRINCIPAL OF AND INTEREST ON this Bond are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Bond shall be paid to the registered owner hereof upon presentation and surrender of this Bond at maturity or upon the date fixed for its redemption prior to maturity, at the principal corporate trust office of The Bank of New York Mellon Trust Company, National Association, Dallas, Texas, which is the "Paying Agent/Registrar" for this Bond. The payment of interest on this Bond shall be made by the Paying Agent/Registrar to the registered owner hereof on each interest payment date by check or draft, dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the Issuer required by the Resolution authorizing the issuance of this Bond (the "Bond Resolution") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check or draft shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the registered owner hereof, at its address as it appeared on the fifteenth calendar day of the month next preceding each such date (the "Record Date") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described; provided, however, that for so long as the Texas Water Development Board ("TWDB") is the registered owner of the Bonds, all payments of principal and interest will be made in wire transfer form at no cost to the

TWDB. In addition, interest may be paid by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. 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 Issuer. 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 owner of a Bond appearing on the Registration Books at the close of business on the last business day next preceding the date of mailing of such notice.

ANY ACCRUED INTEREST due at maturity or upon the redemption of this Bond prior to maturity as provided herein shall be paid to the registered owner upon presentation and surrender of this Bond for redemption and payment at the principal corporate trust office of the Paying Agent/Registrar. The Issuer covenants with the registered owner of this Bond that on or before each principal payment date, interest payment date, and accrued interest payment date for this Bond it will make available to the Paying Agent/Registrar, from the "Interest and Sinking Fund" created by the Bond Resolution, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Bonds, when due.

IF THE DATE for the payment of the principal of or interest on this Bond shall be a Saturday, Sunday, a legal holiday, or a day on which banking institutions in the city where the principal corporate trust office of the Paying Agent/Registrar is located are 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 on which 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.

THIS BOND is one of an issue of Bonds initially dated _____, _____, authorized in accordance with the Constitution and laws of the State of Texas in the principal amount of \$_____, FOR THE PURPOSE OF PROVIDING FUNDS TO ACQUIRE AND CONSTRUCT IMPROVEMENTS, BETTERMENTS, EXTENSIONS, AND REPLACEMENTS OF THE AUTHORITY'S REGIONAL WASTEWATER SYSTEM TO PROVIDE WASTEWATER DISPOSAL SYSTEM SERVICES TO CITIES AND OTHERS.

ON _____, _____, or on any date thereafter, the Bonds of this Series may be redeemed prior to their scheduled maturities, at the option of the Issuer, with funds derived from any available and lawful source, as a whole, or in part in inverse order of maturity, and, if in part, the particular Bonds to be redeemed shall be selected and designated by the Issuer, at the redemption price of the principal amount, plus accrued interest to the date fixed for 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 bond information services; 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 Bond 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 escrow 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 escrow 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.

ALL BONDS OF THIS SERIES are issuable solely as fully registered Bonds, without interest coupons, in the denomination of any integral multiple of \$5,000. As provided in the Bond Resolution, this Bond, or any unredeemed portion hereof, may, at the request of the registered owner or the assignee or assignees hereof, be assigned, transferred, converted into and exchanged for a like aggregate principal amount of fully registered Bonds, without interest coupons, payable to the appropriate registered owner, assignee or assignees, as the case may be, having the same denomination or denominations in any integral multiple of \$5,000 as requested in writing by the appropriate registered owner, assignee or assignees, as the case may be, upon surrender of this Bond to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Bond Resolution. Among other requirements for such assignment and transfer, this Bond must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Bond or any portion or portions hereof in any integral multiple of \$5,000 to the assignee or assignees in whose name or names this Bond or any such portion or portions hereof is or are to be registered. The form of Assignment printed or endorsed on this Bond may be executed by the registered owner to evidence the assignment hereof, but such method is not exclusive, and other instruments of assignment satisfactory to the Paying Agent/Registrar may be used to evidence the assignment of this Bond or any portion or portions hereof from time to time by the registered owner. The Paying Agent/Registrar's reasonable standard or customary fees and charges for assigning, transferring, converting and exchanging any Bond or portion thereof will be paid by the Issuer. In any circumstance, any taxes or governmental charges required to be paid with respect thereto shall be paid by the one requesting such assignment, transfer, conversion or exchange, as a condition precedent to the exercise of such privilege. The Paying Agent/Registrar shall not be required to make any such 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.

IN THE EVENT any Paying Agent/Registrar for the Bonds is changed by the Issuer, resigns, or otherwise ceases to act as such, the Issuer has covenanted in the Bond Resolution that it promptly will appoint a competent and legally qualified substitute therefor, and cause written notice thereof to be mailed to the registered owners of the Bonds.

IT IS HEREBY certified, recited, and covenanted that this Bond has been duly and validly authorized, issued, sold, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this Bond have been performed, existed, and been done in accordance with law; that this Bond, together with other bonds, is a special obligation of the Issuer payable from and secured by 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.

THE ISSUER has reserved the right, subject to the restrictions stated in the Bond Resolution, to issue additional parity revenue bonds which also may be made payable from and secured by a first lien on and pledge of the aforesaid Net Revenues.

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 OWNER HEREOF shall never have the right to demand payment of this obligation out of any funds raised or to be raised by the levy of taxes by the Issuer, or from any source other than specified in the Bond Resolution.

BY BECOMING the registered owner of this Bond, the registered owner thereby acknowledges all of the terms and provisions of the Bond Resolution, agrees to be bound by such terms and provisions, acknowledges that the Bond Resolution is duly recorded and available for inspection in the official minutes and records of the governing body of the Issuer, and agrees that the terms and provisions of this Bond and the Bond Resolution constitute a contract between each registered owner hereof and the Issuer.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be signed with the facsimile signature of the President of the Issuer and countersigned with the facsimile signature of the Secretary of the Issuer, and has caused the official seal of the Issuer to be duly impressed, or placed in facsimile, on this Bond.

Secretary, Board of Directors
Trinity River Authority of Texas

President, Board of Directors
Trinity River Authority of Texas

(AUTHORITY
SEAL)

FORM OF
PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE
(To be executed if this Bond is not accompanied by an
executed Registration Certificate of the Comptroller
of Public Accounts of the State of Texas)

It is hereby certified that this Bond has been issued under the provisions of the Bond Resolution described in the text of this Bond; and that this Bond has been issued in conversion or replacement of, or in exchange for, a bond, bonds, or a portion of a bond or bonds of a Series which originally was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

Dated

THE BANK OF NEW YORK MELLON TRUST COMPANY,
NATIONAL ASSOCIATION
Paying Agent/Registrar

By _____
Authorized Representative

FORM OF ASSIGNMENT

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto

Please insert Social Security or Taxpayer
Identification Number of Transferee

(Please print or typewrite name and address,
including zip code of Transferee)

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____, attorney, to register the transfer of the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by an eligible guarantor institution participating in a securities transfer association recognized signature guarantee program.

NOTICE: The signature above must correspond with the name of the registered owner as it appears upon the front of this Bond in every particular, without alteration or enlargement or any change whatsoever.

FORM OF REGISTRATION CERTIFICATE OF
THE COMPTROLLER OF PUBLIC ACCOUNTS

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO.

I hereby certify that this Bond has been examined, certified as to validity, and approved by the Attorney General of the State of Texas, and that this Bond has been registered by the Comptroller of Public Accounts of the State of Texas.

Witness my signature and seal this

XXXXXX

Comptroller of Public Accounts
of the State of Texas

(COMPTROLLER'S SEAL)

Section 2.05. DEFEASANCE OF BONDS. (a) Any Bond and the interest thereon shall be deemed to be paid, retired, and no longer outstanding (a "Defeased Bond") within the meaning of this Resolution, except to the extent provided in subsection (d) of this Section, when payment of the principal of such Bond, plus interest thereon to the due date (whether such due date be by reason of maturity or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar in accordance with an escrow agreement or other instrument (the "Future Escrow Agreement") for such payment (1) lawful money of the United States of America sufficient to make such payment or (2) Defeasance Securities that mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to provide for such payment, and when proper arrangements have been made by the Issuer with the Paying Agent/Registrar for the payment of its services until all Defeased Bonds shall have become due and payable. At such time as a Bond shall be deemed to be a Defeased Bond hereunder, as aforesaid, such Bond and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the Net Revenues herein pledged as provided in this Resolution, and such principal and interest shall be payable solely from such money or Defeasance Securities. Notwithstanding any other provision of this Resolution to the contrary, it is hereby provided that any determination not to redeem Defeased Bonds that is made in conjunction with the payment arrangements specified in subsection 2.05(a)(i) or (ii) shall not be irrevocable, provided that: (1) in the proceedings providing for such payment arrangements, the Issuer expressly reserves the right to call the Defeased Bonds for redemption; (2) gives notice of the reservation of that right to the owners of the Defeased Bonds immediately following the making of the payment arrangements; and (3) directs that notice of the reservation be included in any redemption notices that it authorizes. The Issuer shall provide concurrent written notice to the Texas Water Development Board of the creation and funding of a Future Escrow Agreement with respect to the Bonds if the Texas Water Development Board is the beneficial owner of the Bonds at the time of its creation and funding.

(b) Any moneys so deposited with the Paying Agent/Registrar may at the written direction of the Issuer also be invested in Defeasance Securities, maturing in the amounts and times as hereinbefore set forth, and all income from such Defeasance Securities received by the Paying Agent/Registrar that is not required for the payment of the Bonds and interest thereon, with respect to which such money has been so deposited, shall be turned over to the Issuer, or deposited as directed in writing by the Issuer. Any Future Escrow Agreement pursuant to which the money and/or Defeasance Securities are held for the payment of Defeased Bonds may contain provisions permitting the investment or reinvestment of such moneys in Defeasance Securities or the substitution of other Defeasance Securities upon the satisfaction of the requirements specified in subsection 2.05(a)(i) or (ii). All income from such Defeasance Securities received by the Paying Agent/Registrar which is not required for the payment of the Defeased Bonds, with respect to which such money has been so deposited, shall be remitted to the Issuer or deposited as directed in writing by the Issuer.

(c) The term "Defeasance Securities" means any securities and obligations now or hereafter authorized by State law that are eligible to discharge obligations such as the Bonds.

(d) Until all Defeased Bonds shall have become due and payable, the Paying Agent/Registrar shall perform the services of Paying Agent/Registrar for such Defeased Bonds the same as if they had not been defeased, and the Issuer shall make proper arrangements to provide and pay for such services as required by this Resolution.

(e) In the event that the Issuer elects to defease less than all of the principal amount of Bonds of a maturity, the Paying Agent/Registrar shall select, or cause to be selected, such amount of Bonds by such random method as it deems fair and appropriate.

Section 2.06. DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED BONDS.

(a) Replacement Bonds. In the event any outstanding Bond is damaged, mutilated, lost, stolen, or destroyed, the Paying Agent/Registrar shall cause to be printed, executed, and delivered, a new bond of the same principal amount, maturity, and interest rate, as the damaged, mutilated, lost, stolen, or destroyed Bond, in replacement for such Bond in the manner hereinafter provided.

(b) Application for Replacement Bonds. Application for replacement of damaged, mutilated, lost, stolen, or destroyed Bonds shall be made by the registered owner thereof to the Paying Agent/Registrar. In every case of loss, theft, or destruction of a Bond, the registered owner applying for a replacement bond shall furnish to the Issuer and to the Paying Agent/Registrar such security or indemnity as may be required by them to save each of them harmless from any loss or damage with respect thereto. Also, in every case of loss, theft, or destruction of a Bond, the registered owner shall furnish to the Issuer and to the Paying Agent/Registrar evidence to their satisfaction of the loss, theft, or destruction of such Bond, as the case may be. In every case of damage or mutilation of a Bond, the registered owner shall surrender to the Paying Agent/Registrar for cancellation the Bond so damaged or mutilated.

(c) No Default Occurred. Notwithstanding the foregoing provisions of this Section, in the event any such Bond shall have matured, and no default has occurred which is then continuing in the payment of the principal of, redemption premium, if any, or interest on the Bond, the Issuer may authorize the payment of the same (without surrender thereof except in the case of a damaged or mutilated Bond) instead of issuing a replacement Bond, provided security or indemnity is furnished as above provided in this Section.

(d) Charge for Issuing Replacement Bonds. Prior to the issuance of any replacement bond, the Paying Agent/Registrar shall charge the registered owner of such Bond with all legal, printing, and other expenses in connection therewith. Every replacement bond issued pursuant to the provisions of this Section by virtue of the fact that any Bond is lost, stolen, or destroyed shall constitute a contractual obligation of the Issuer whether or not the lost, stolen, or destroyed Bond shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits of this Resolution equally and proportionately with any and all other Bonds duly issued under this Resolution.

(e) Authority for Issuing Replacement Bonds. In accordance with Subchapter B, Chapter 1206, Texas Government Code, this Section shall constitute authority for the issuance of any such replacement bond without necessity of further action by the governing body of the Issuer or any other body or person, and the duty of the replacement of such bonds is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such Bonds in the form and manner and with the effect, as provided in Section 2.03 of this Resolution for Bonds issued in conversion and exchange for other Bonds.

Section 2.07. CUSTODY, APPROVAL, AND REGISTRATION OF BONDS; BOND COUNSEL'S OPINION, CUSIP NUMBERS, AND INSURANCE. The President of the Board and the Authorized Officer are hereby authorized to have control of the Bonds issued hereunder and all necessary records and proceedings pertaining to the Bonds pending their delivery and their investigation, examination, and approval by the Attorney General of the State of Texas, and their registration by the Comptroller of Public Accounts of the State of Texas. Upon registration of the Bonds said Comptroller of Public Accounts (or a deputy designated in writing to act for said Comptroller) shall manually sign the Comptroller's Registration Certificate on the Bonds, and the seal of said Comptroller shall be impressed, or placed in facsimile, on the Bonds. The approving legal opinion of the Issuer's Bond Counsel and the assigned CUSIP numbers may, at the option of the Issuer, be printed on the Bonds or on any Parity Bonds issued and delivered in conversion of and exchange or replacement of any Bond,

but neither shall have any legal effect, and shall be solely for the convenience and information of the registered owners of the Bonds. If insurance is obtained on any of the Bonds, the Bonds and all other Bonds shall bear an appropriate legend concerning insurance as provided by the insurer.

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 Authority under the Contracts.

Section 3.03. **PLEDGE.** (a) The Contracts provide for the payment by the Cities and the Airport Board to the Authority 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 Authority'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 Authority from the Cities and the Airport Board 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 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 Authority 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 Authority 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 Authority 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 an amount sufficient to provide for the payment of interest on the Bonds during a period of acquisition and construction of the proposed improvements to the System as determined by the Authorized Officer; 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 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 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 Authority 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 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 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 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 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 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.

ARTICLE V

BOND PROCEEDS

Section 5.01. **IMPROVEMENT ACCOUNT.** All remaining proceeds from the sale of the Bonds after the above deposits required by ARTICLE IV have been made shall be deposited into one or more separate and special accounts, each to be designated a "Series ____ Bonds Regional Wastewater System Improvement Account", which are hereby directed to be created by and pursuant to this Resolution, to be established and maintained by the Issuer at a permitted FDIC-insured, official state depository institution separate and apart from all other funds and accounts of the Issuer, to be used to carry out the purposes for which the Bonds have been issued.

Section 5.02. **USE OF PROCEEDS.** Interest earnings derived from the investment of proceeds from the sale of the Bonds (which investments shall be made as permitted by sections 8(n) and 8-B, Article 8280-188, V.A.T.C.S., as amended, and in compliance with the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended, and the Public Funds Collateral Act, Chapter 2257, Texas Government Code, as amended), other than proceeds deposited in accordance with Sections 4.01, 4.02, and 4.03 hereof, shall be used along with other available proceeds for improving the System; provided that after such improvements have been completed 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 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 Authority, 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. **TAX COVENANTS.** 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 President of the Board of Authority, or the Authorized Officer, 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. This Resolution is intended to satisfy the official intent requirements set forth in section 1.150-2 of the Treasury Regulations.

Section 7.02. ALLOCATION OF, AND LIMITATION ON, EXPENDITURES FOR THE PROJECT. The Issuer covenants to account for the expenditure of sale proceeds and investment earnings to be used for the purposes described in Section 2.01 of this Resolution (the "Project") on its books and records in accordance with the requirements of the Internal Revenue Code. The Issuer recognizes that in order for the proceeds to be considered used for the reimbursement of costs, the proceeds must be allocated to expenditures within 18 months of the later of the date that (1) the expenditure is made, or (2) the Project is completed; but in no event later than three years after the date on which the original expenditure is paid. The foregoing notwithstanding, the Issuer recognizes that in order for proceeds to be expended under the Internal Revenue Code, the sale proceeds or investment earnings must be expended no more than 60 days after the earlier of (1) the fifth anniversary of the delivery of the Bonds, or (2) the date the Bonds are retired. The Issuer agrees to obtain the advice of nationally-recognized bond counsel if such expenditure fails to comply with the foregoing to assure that such expenditure will not adversely affect the tax-exempt status of the Bonds. 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.

Section 7.03. DISPOSITION OF PROJECT. The Issuer covenants that the property constituting the Project 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 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.

(d) The Issuer additionally covenants, for the benefit of the beneficial owners of the Bonds, and for the beneficial owners of Texas Water Development Board bonds, to request and use its best efforts to obtain the financial information and operating data from the Contracting Parties of the type to be included in Appendix B of any official statements of the Issuer relating to "Bonds" (as defined in the Continuing Disclosure Agreements), and to file, or cause to be filed, such financial information and

operating data in the manner required by the Rule as if the Bonds had been initially sold pursuant to an "Offering" as defined in the Rule.

ARTICLE X

TEXAS WATER DEVELOPMENT BOARD REQUIREMENTS

Section 10.1. **FINAL ACCOUNTING.** The Issuer shall render a final accounting to the TWDB in reference to the total cost incurred by the Issuer for improvements and extensions to the System, together with a copy of "as built" plans of the project upon completion.

Section 10.2. **SURPLUS BOND PROCEEDS.** The Issuer shall use any surplus proceeds from the Bonds remaining after completion of the improvements, to ratably redeem, in inverse order of maturity, the Bonds owned by the TWDB.

Section 10.3. **ANNUAL REPORTS.** Annual audits of the Issuer shall be delivered to the TWDB as long as the State of Texas owns any of the Bonds.

Section 10.4. **COMPLIANCE WITH THE TWDB'S RULES AND REGULATIONS.** The Issuer covenants to comply with the rules and regulations of the TWDB, and to maintain insurance on the Issuer's System in an amount sufficient to protect the interests of the TWDB in the project. The Issuer (i) covenants to maintain rates and charges to the Contracting Parties sufficient to meet the debt service requirements on the Bonds and outstanding Parity Bonds and (ii) has required in existing Contracts and will require in any future Contract with any Additional Contracting Party that such Additional Contracting Party maintain rates and charges for its water and sewer system sufficient to pay the Additional Contracting Party's obligations secured by and made payable from the revenues derived from the operation of its water and sewer system.

Section 10.5. **ESCROW AGREEMENT.** The Authorized Officer shall approve, execute and deliver an appropriate escrow agreement with a qualified and properly chartered trust institution. Proceeds of the Bonds required to be deposited under an escrow agreement shall be disposed of and released in accordance with TWDB Rules Relating to Financial Programs or as otherwise authorized and directed by the TWDB.

Section 10.6. **ENVIRONMENTAL INDEMNIFICATION.** The Issuer agrees to indemnify, hold harmless and protect the TWDB from any and all claims, causes of action or damages to the person or property of third parties arising from the sampling, analysis, transport, storage, treatment and/or removal and disposition of any contaminated sewage sludge, contaminated sediments and/or contaminated media that may be generated by the Issuer, its contractors, consultants, agents, officials and employees as a result of activities relating to the project to the extent permitted by law.

Section 10.7. **SPECIAL COVENANTS.** Until the Bonds have been redeemed, paid or defeased, the Issuer will (i) implement any water conservation program required by the Board of the TWDB, (ii) comply with any special conditions specified by the Board of the TWDB in an environmental determination, (iii) maintain current, accurate and complete records and accounts necessary to demonstrate compliance with generally accepted government accounting standards and other financial assistance related legal and contractual provisions, (iv) immediately upon closing and delivery of the Bonds, the Issuer shall pay to the TWDB a 1.85% origination charge with respect to the Bonds calculated pursuant to the rules of the TWDB and (v) all laborers and mechanics employed by contractors and subcontractors for projects for which Bond proceeds will be used shall be paid wages at rates not less than those prevailing on projects of a similar character in the locality in accordance with the Davis-Bacon Act, and the U.S. Department of Labor's implementing regulations, and all project related contracts will mandate compliance with said Act.

Section 10.8. COLLATERAL REQUIREMENTS. The Issuer agrees that all uninvested and uninsured funds held pursuant to this Resolution shall be managed and collateralized as required by the Public Funds Collateral Act, Chapter 2257, Texas Government Code, as amended.

ARTICLE XI

MISCELLANEOUS

Section 11.01. 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 11.02. 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.

TAB 4

CERTIFICATE OF GENERAL MANAGER

I, the undersigned General Manager of the Trinity River Authority of Texas (the "Issuer"), acting pursuant to the authority granted to me by resolution of the Board of Directors of the Issuer adopted on June 27, 2012 (the "Resolution") relating to the issuance of Trinity River Authority of Texas Regional Wastewater System Revenue Bonds, Series 2012 (the "Bonds") hereby find, determine and commit on behalf of the Issuer to sell and deliver the Bonds to the Texas Water Development Board ("TWDB") pursuant to the Resolution on the following terms:

1. The Bonds are hereby sold and shall be delivered to, and shall be initially registered in the name of, the TEXAS WATER DEVELOPMENT BOARD, for cash at a price of par less an origination fee paid to the TWDB of \$1,349,038.00.

2. The principal amount of the Bonds shall be \$74,270,000.

3. The Bonds shall be dated July 15, 2012, shall be numbered from R-1 upwards and shall mature and bear interest from their date of delivery to TWDB (i.e., the Date of Issuance) as follows:

<u>MATURITY DATE</u> <u>(August 1)</u>	<u>PRINCIPAL</u> <u>AMOUNT(\$)</u>	<u>INTEREST</u> <u>RATE(%)</u>
2014	2,430,000	0.000
2015	2,555,000	0.000
2016	2,685,000	0.000
2017	2,815,000	0.000
2018	2,955,000	0.100
2019	3,100,000	0.330
2020	3,260,000	0.570
2021	3,420,000	0.770
2022	3,595,000	0.910
2023	3,775,000	1.070
2024	3,960,000	1.220
2025	4,160,000	1.350
2026	4,365,000	1.440
2027	4,585,000	1.520
2028	4,815,000	1.590
2029	5,055,000	1.660
2030	5,310,000	1.730
2031	5,575,000	1.800
2032	5,855,000	1.870

4. Interest on the Bonds shall be payable February 1 and August 1 of each year, commencing February 1, 2013.

5. The Bonds scheduled to mature on and after August 1, 2023, shall be redeemable prior to their scheduled maturities, in whole or in part, and, if in part, in inverse order of maturity, at the option of the Issuer, on August 1, 2022 or on any date thereafter, for the principal amount thereof plus accrued interest to the date fixed for redemption, and without premium.

6. The Issuer will maintain rates and charges to the "Contracting Parties" (as defined in the Resolution) in amounts sufficient to meet the debt service requirements on the Bonds and other obligations of the Issuer that are supported by the contract payments of the Contracting Parties. The Issuer will, upon request by the Executive Administrator of the TWDB, submit annual audits of Contracting Parties for the Executive Administrator's review.

7. Immediately upon closing and delivery of the Bonds, the Issuer shall pay to the TWDB a 1.85% origination charge with respect to the Bonds calculated pursuant to the rules of the TWDB.

8. Proceeds from the sale of the Bonds shall come from and be used and deposited as follows:

Sources of Funds:	Total (\$)
Principal Amount of Bonds	74,270,000.00
TOTAL SOURCES	74,270,000.00
Uses of Funds:	
TWDB origination fee	1,349,038.00
Costs of Issuance	813,000.00
Construction Fund	69,230,973.88
Capitalized interest	1,245,601.50
Reserve Fund	1,631,386.62
TOTAL USES	74,270,000.00

9. The Issuer will not discontinue the use of DTC without giving prior written notice to TWDB.

10. The Issuer hereby creates and establishes and shall maintain on the books of the Issuer a separate fund to be entitled the "Series 2012 Bonds Regional Wastewater System Improvement Account" for use by the Issuer for payment of all lawful costs associated with the acquisition and construction of the Project as hereinbefore provided. Upon payment of all such costs, any moneys remaining on deposit in said Fund shall be transferred to the Interest and Sinking Fund. Amounts so deposited to the Interest and Sinking Fund shall be used in the manner described in Section 10.02 of the Resolution.

11. The Bonds shall be substantially in the form attached hereto as Exhibit A.

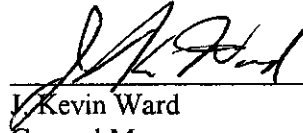
12. The Issuer covenants to maintain insurance on the Issuer's System in an amount sufficient to protect the TWDB's interest in the project financed with the proceeds of the Bonds.

13. The Issuer covenants that all laborers and mechanics employed by contractors and subcontractors for projects for which Bond proceeds will be used shall be paid wages at rates not less than those prevailing on projects of a similar character in the locality in accordance with the Davis-Bacon Act, and the U.S. Department of Labor's implementing regulations. The recipient, all contractors, and all sub-contractors shall ensure that all project contracts mandate compliance with the Davis-Bacon Act.

[The balance of this page is intentionally left blank.]

Witness my hand this JUN 28 2012.

TRINITY RIVER AUTHORITY OF TEXAS

A handwritten signature in black ink, appearing to read "J. Kevin Ward", is written over a horizontal line.

J. Kevin Ward
General Manager

EXHIBIT A

FORM OF BOND

NO. R-	UNITED STATES OF AMERICA STATE OF TEXAS TRINITY RIVER AUTHORITY OF TEXAS REGIONAL WASTEWATER SYSTEM REVENUE BOND, SERIES 2012	PRINCIPAL AMOUNT \$
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<u>INTEREST RATE</u>	<u>DATE OF ISSUANCE</u>	<u>MATURITY DATE</u>	<u>CUSIP NO.</u>
----------------------	-------------------------	----------------------	------------------

August 1, 2012

REGISTERED OWNER:

PRINCIPAL AMOUNT:

ON THE MATURITY DATE specified above, the TRINITY RIVER AUTHORITY OF TEXAS (the "Issuer"), being a governmental agency, and body corporate and politic of the State of Texas, hereby promises to pay to the Registered Owner set forth above, or registered assigns (hereinafter called the "registered owner") the principal amount set forth above, and to pay interest thereon from the Date of Issuance as set forth above, on February 1, 2013 and semiannually thereafter on each August 1 and February 1 to the maturity date specified above, or the date of redemption prior to maturity, at the interest rate per annum specified above, calculated on the basis of a 360-day year composed of twelve 30-day months; except that if this Bond is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such principal amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Bond or Bonds, if any, for which this Bond is being exchanged or converted from is due but has not been paid, then this Bond shall bear interest from the date to which such interest has been paid in full.

THE PRINCIPAL OF AND INTEREST ON this Bond are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Bond shall be paid to the registered owner hereof upon presentation and surrender of this Bond at maturity or upon the date fixed for its redemption prior to maturity, at the principal corporate trust office of The Bank of New York Mellon Trust Company, National Association, Dallas, Texas, which is the "Paying Agent/Registrar" for this Bond. The payment of interest on this Bond shall be made by the Paying Agent/Registrar to the registered owner hereof on each interest payment date by check or draft, dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the Issuer required by the Resolution authorizing the issuance of this Bond (the "Bond Resolution") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check or draft shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the registered owner hereof, at its address as it appeared on the fifteenth calendar day of the month next preceding each such date (the "Record Date") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described; provided, however, that for so long as the Texas Water Development Board ("TWDB") is the registered owner of the Bonds, all payments of principal and interest will be made in wire transfer form at no cost to the TWDB. In

addition, interest may be paid by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. 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 Issuer. 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 owner of a Bond appearing on the Registration Books at the close of business on the last business day next preceding the date of mailing of such notice.

ANY ACCRUED INTEREST due at maturity or upon the redemption of this Bond prior to maturity as provided herein shall be paid to the registered owner upon presentation and surrender of this Bond for redemption and payment at the principal corporate trust office of the Paying Agent/Registrar. The Issuer covenants with the registered owner of this Bond that on or before each principal payment date, interest payment date, and accrued interest payment date for this Bond it will make available to the Paying Agent/Registrar, from the "Interest and Sinking Fund" created by the Bond Resolution, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Bonds, when due.

IF THE DATE for the payment of the principal of or interest on this Bond shall be a Saturday, Sunday, a legal holiday, or a day on which banking institutions in the city where the principal corporate trust office of the Paying Agent/Registrar is located are 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 on which 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.

THIS BOND is one of an issue of Bonds initially dated July 15, 2012, authorized in accordance with the Constitution and laws of the State of Texas in the principal amount of \$74,270,000, FOR THE PURPOSE OF PROVIDING FUNDS TO ACQUIRE AND CONSTRUCT IMPROVEMENTS, BETTERMENTS, EXTENSIONS, AND REPLACEMENTS OF THE AUTHORITY'S REGIONAL WASTEWATER SYSTEM TO PROVIDE WASTEWATER DISPOSAL SYSTEM SERVICES TO CITIES AND OTHERS.

ON AUGUST 1, 2022, or on any date thereafter, the Bonds of this Series may be redeemed prior to their scheduled maturities, at the option of the Issuer, with funds derived from any available and lawful source, as a whole, or in part in inverse order of maturity, and, if in part, the particular Bonds to be redeemed shall be selected and designated by the Issuer, at the redemption price of the principal amount, plus accrued interest to the date fixed for 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 bond information services; 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 Bond 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 escrow 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 escrow 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.

ALL BONDS OF THIS SERIES are issuable solely as fully registered Bonds, without interest coupons, in the denomination of any integral multiple of \$5,000. As provided in the Bond Resolution, this Bond, or any unredeemed portion hereof, may, at the request of the registered owner or the assignee or assignees hereof, be assigned, transferred, converted into and exchanged for a like aggregate principal amount of fully registered Bonds, without interest coupons, payable to the appropriate registered owner, assignee or assignees, as the case may be, having the same denomination or denominations in any integral multiple of \$5,000 as requested in writing by the appropriate registered owner, assignee or assignees, as the case may be, upon surrender of this Bond to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Bond Resolution. Among other requirements for such assignment and transfer, this Bond must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Bond or any portion or portions hereof in any integral multiple of \$5,000 to the assignee or assignees in whose name or names this Bond or any such portion or portions hereof is or are to be registered. The form of Assignment printed or endorsed on this Bond may be executed by the registered owner to evidence the assignment hereof, but such method is not exclusive, and other instruments of assignment satisfactory to the Paying Agent/Registrar may be used to evidence the assignment of this Bond or any portion or portions hereof from time to time by the registered owner. The Paying Agent/Registrar's reasonable standard or customary fees and charges for assigning, transferring, converting and exchanging any Bond or portion thereof will be paid by the Issuer. In any circumstance, any taxes or governmental charges required to be paid with respect thereto shall be paid by the one requesting such assignment, transfer, conversion or exchange, as a condition precedent to the exercise of such privilege. The Paying Agent/Registrar shall not be required to make any such 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.

IN THE EVENT any Paying Agent/Registrar for the Bonds is changed by the Issuer, resigns, or otherwise ceases to act as such, the Issuer has covenanted in the Bond Resolution that it promptly will appoint a competent and legally qualified substitute therefor, and cause written notice thereof to be mailed to the registered owners of the Bonds.

IT IS HEREBY certified, recited, and covenanted that this Bond has been duly and validly authorized, issued, sold, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this Bond have been performed, existed, and been done in accordance with law; that this Bond, together with other bonds, is a special obligation of the Issuer payable from and secured by 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.

THE ISSUER has reserved the right, subject to the restrictions stated in the Bond Resolution, to issue additional parity revenue bonds which also may be made payable from and secured by a first lien on and pledge of the aforesaid Net Revenues.

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 OWNER HEREOF shall never have the right to demand payment of this obligation out of any funds raised or to be raised by the levy of taxes by the Issuer, or from any source other than specified in the Bond Resolution.

BY BECOMING the registered owner of this Bond, the registered owner thereby acknowledges all of the terms and provisions of the Bond Resolution, agrees to be bound by such terms and provisions, acknowledges that the Bond Resolution is duly recorded and available for inspection in the official minutes and records of the governing body of the Issuer, and agrees that the terms and provisions of this Bond and the Bond Resolution constitute a contract between each registered owner hereof and the Issuer.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be signed with the manual or facsimile signature of the President of the Issuer and countersigned with the manual or facsimile signature of the Secretary of the Issuer, and has caused the official seal of the Issuer to be duly impressed, or placed in facsimile, on this Bond.

XXXXXXX
Secretary, Board of Directors
Trinity River Authority of Texas

XXXXXXX
President, Board of Directors
Trinity River Authority of Texas

(AUTHORITY
SEAL)

FORM OF
PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

(To be executed if this Bond is not accompanied by an
executed Registration Certificate of the Comptroller
of Public Accounts of the State of Texas)

It is hereby certified that this Bond has been issued under the provisions of the Bond Resolution described in the text of this Bond; and that this Bond has been issued in conversion or replacement of, or in exchange for, a bond, bonds, or a portion of a bond or bonds of a Series which originally was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

Dated

THE BANK OF NEW YORK MELLON TRUST COMPANY,
NATIONAL ASSOCIATION
Paying Agent/Registrar

By _____
XXXXXXX
Authorized Representative

FORM OF
ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto

Please insert Social Security or Taxpayer
Identification Number of Transferee

(Please print or typewrite name and address,
including zip code of Transferee)

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints
_____, attorney, to register the transfer of the within Bond on the books kept for registration
thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed

NOTICE: Signature(s) must be guaranteed by an
eligible guarantor institution participating in a
securities transfer association recognized signature
guarantee program.

NOTICE: The signature above must correspond
with the name of the registered owner as it appears
upon the front of this Bond in every particular,
without alteration or enlargement or any change
whatsoever.

FORM OF
COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO.

I hereby certify that this Bond has been examined, certified as to validity, and approved by the Attorney
General of the State of Texas, and that this Bond has been registered by the Comptroller of Public Accounts
of the State of Texas.

Witness my signature and seal this

XXXXXXXX
Comptroller of Public Accounts
of the State of Texas

(COMPTROLLER'S SEAL)

TAB 5

INTEREST RATE AGREEMENT

This INTEREST RATE AGREEMENT (the "*Agreement*") is entered into between the TEXAS WATER DEVELOPMENT BOARD (the "*TWDB*"), an agency of the State of Texas, and TRINITY RIVER AUTHORITY OF TEXAS (the "*Borrower*").

RECITALS

WHEREAS, the TWDB adopted TWDB Resolution No. 10-89, attached hereto as Attachment A, on September 23, 2010, making a commitment to provide financial assistance to the Borrower in the amount of \$104,615,000 from the Clean Water State Revolving Fund (the "*CWSRF*") to finance wastewater system improvements for the project identified as Project No. 73477; and

WHEREAS, the Borrower closed on \$30,345,000 of this loan amount in September, 2011 by selling the TWDB \$30,345,000 Trinity River Authority of Texas Regional Wastewater System Revenue Bonds, Series 2011; and

WHEREAS, the Borrower intends to sell \$74,270,000 Trinity River Authority of Texas Regional Wastewater System Revenue Bonds, proposed Series 2012 (the "*Borrower Bonds*") to the TWDB in order to obtain financial assistance from the CWSRF; and

WHEREAS, pursuant to 31 Texas Administrative Code §375.15, the TWDB has set interest rates in the past utilizing the Delphis Hanover Corporation Range of Yield Curve Scales (the "*Delphis scales*"); and

WHEREAS, the Delphis Hanover Corporation has closed and as a result, the Delphis scales are no longer available; and

WHEREAS, the TWDB and the Borrower desire to enter into this Agreement to set forth the obligations of the parties with respect to the TWDB's intent to set interest rates for the Borrower Bonds utilizing the Thomson Municipal Market Data Range of Yield Curve Scales (the "*MMD scales*").

NOW, THEREFORE, for and in consideration of the promises and the mutual covenants herein contained, the TWDB and the Borrower hereby agree as follows:

Section 1. Interest Rates. The interest rates for the Borrower Bonds have been determined by the TWDB utilizing the MMD scales and the Borrower has adopted and incorporated the interest rates into the Borrower Bonds.

Section 2. Severability. In the event any provision of this Agreement shall be held illegal, invalid or unenforceable by any court of competent jurisdiction, such holding shall not

invalidate, render unenforceable or otherwise affect any other provisions hereof.

Section 3. Amendments, Supplements and Modifications. This Agreement shall not be amended, supplemented or modified except by a written instrument executed by the TWDB and the Borrower.


Section 4. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which shall constitute one and the same Agreement.

Section 5. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas.

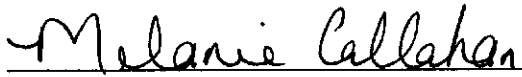
Section 6. Effective Date. This Agreement shall be effective as of the date of the last signature below.

Section 7. Binding Agreement. The respective commitments of the TWDB and the Borrower set forth above shall be binding upon the TWDB and the Borrower upon both parties' execution of this Agreement.

TRINITY RIVER AUTHORITY OF TEXAS

By: 
Name: J. Kevin Ward
Title: General Manager
Date: JUN 28 2012

TEXAS WATER DEVELOPMENT BOARD

By: 
Name: Melanie Callahan
Title: Executive Administrator
Date: 7/2/12

ATTACHMENT A

TWDB Resolution No. 10-89

**A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD
APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE FROM THE CLEAN
WATER STATE REVOLVING FUND THROUGH THE PROPOSED PURCHASE OF
\$104,615,000 TRINITY RIVER AUTHORITY CENTRAL REGIONAL WASTEWATER SYSTEM
REVENUE BONDS, PROPOSED SERIES 2011**

(10-89)

WHEREAS, Trinity River Authority, on behalf of its Central Regional Wastewater System, (the "TRA" or "Authority") has filed an application for financial assistance in the amount of \$104,500,000 from the Clean Water State Revolving Fund to finance certain wastewater system improvements; and

WHEREAS, TRA seeks financial assistance from the Texas Water Development Board (the "Board") through the Board's proposed purchase of \$104,615,000 Trinity River Authority Central Regional Wastewater System Revenue Bonds, Proposed Series 2011, (the "Obligations"), all as is more specifically set forth in the application and in recommendations of the Board's Project Finance and Construction Assistance staff, to which documents express reference is made; and

WHEREAS, in accordance with §15.607, Water Code, the Board hereby finds:

1. that in its opinion the revenues pledged by TRA will be sufficient to meet all the obligations assumed by the TRA;
2. that the application and financial assistance requested meet the requirements of the Federal Water Pollution Control Act, 33 U.S.C. §§1251 *et seq.* (1972), as amended, as well as state law;
3. that the TRA will consider cost-effective, innovative methods of treatment; and
4. that the TRA has adopted and is implementing a water conservation program for the more efficient use of water that will meet reasonably anticipated local needs and conditions and that incorporates practices, techniques or technology prescribed by the Texas Water Code and the Board's rules.

NOW THEREFORE, based on these considerations and findings, the Texas Water Development Board resolves as follows:

A commitment is made by the Board to Trinity River Authority's Central Regional Wastewater System for financial assistance in the amount of \$104,615,000 from the Clean Water State Revolving Fund, to be evidenced by the Board's proposed purchase of \$104,615,000 Trinity River Authority Central Regional Wastewater System Revenue Bonds, Proposed Series 2011. This commitment will expire on September 30, 2011.

Such commitment is conditioned as follows:

1. this commitment is contingent on a future sale of bonds by the Board or on the availability of funds on hand;
2. this commitment is contingent upon issuance of a written approving opinion of the Attorney General of the State of Texas stating that all of the requirements of the laws under which said obligations were issued have been complied with; that said obligations were issued in conformity with the Constitution and laws of the State of Texas; and that said obligations are valid and binding obligations of TRA;
3. this commitment is contingent upon TRA's compliance with all applicable requirements contained in the rules and regulations of the Board;
4. TRA's bond counsel must prepare a written opinion that states that the interest on the obligations is excludable from gross income or is exempt from federal income taxation. Bond counsel may rely on covenants and representations of the District when rendering this opinion;
5. TRA's bond counsel must also state in the written opinion that the obligations are not "private activity bonds." Bond counsel may rely on covenants and representations of the District when rendering this opinion;
6. the ordinance/resolution authorizing the issuance of these obligations, (hereinafter referred to as the "*Authorizing Document*"), must include a provision prohibiting TRA from using the proceeds of this loan in a manner that would cause the obligations to become "private activity bonds";
7. the Authorizing Document must include a provision requiring TRA to comply with the provisions of §148 of the Internal Revenue Code of 1986 (relating to arbitrage);
8. the Authorizing Document must include a provision requiring TRA to make any required rebate to the United States of arbitrage earnings;
9. the Authorizing Document must include a provision prohibiting TRA from taking any action which would cause the interest on the obligations to be includable in gross income for federal income tax purposes;
10. the Authorizing Document must provide that TRA will not cause or permit the obligations to be treated as "federally guaranteed" obligations within the meaning of §149(b) of the Internal Revenue Code;
11. the bond transcript must include a No Arbitrage Certificate or similar Federal Tax Certificate setting forth TRA's reasonable expectations regarding the use, expenditure and investment of the proceeds of the obligations;

12. the bond transcript must include evidence that the information reporting requirements of §149(e) of the Internal Revenue Code of 1986 will be satisfied. This requirement is currently satisfied by filing IRS Form 8038 with the Internal Revenue Service. A completed copy of IRS Form 8038 must be provided to the Executive Administrator of the Board prior to the release of funds;
13. the Authorizing Document must provide that the obligations can be called for early redemption only in inverse order of maturity, and on any date beginning on or after the first interest payment date which is 10 years from the dated date of the obligations, at a redemption price of par, together with accrued interest to the date fixed for redemption;
14. TRA, or an obligated person for whom financial or operating data is presented to the Board in the application for financial assistance either individually or in combination with other issuers of TRA's obligations or obligated persons, will, at a minimum, covenant to comply with requirements for continuing disclosure on an ongoing basis substantially in the manner required by Securities and Exchange Commission ("SEC") rule 15c2-12 and determined as if the Board were a Participating Underwriter within the meaning of such rule, such continuing disclosure undertaking being for the benefit of the Board and the beneficial owner of TRA's obligations, if the Board sells or otherwise transfers such obligations, and the beneficial owners of the Board's bonds if TRA is an obligated person with respect to such bonds under SEC rule 15c2-12;
15. prior to closing, TRA shall submit documentation evidencing the adoption and implementation of sufficient system rates and charges or, if applicable, the levy of an interest and sinking tax rate sufficient for the repayment of all system debt service requirements;
16. prior to or at closing, TRA shall pay a 1.85% origination fee to the Board calculated pursuant to Board rules;
17. prior to closing, TRA shall adopt and provide an executed copy of a escrow agreement or a trust agreement, the form and substance of which is acceptable to the Executive Administrator, addressing the deposit of bond proceeds into an escrow account or a trust fund;
18. if a bond insurance policy or a surety policy in lieu of a cash reserve are utilized:
 - (a) thirty (30) days before closing, TRA shall submit a draft of the policy to the Board's Executive Administrator for a determination on whether the policy provides appropriate security in accordance with Board policies;
 - (b) prior to closing, TRA shall provide the executed underlying documents of the policy (e.g.; commitment letter, specimen policy) in a form and substance that is satisfactory to the Board's Executive Administrator; and
 - (c) prior to closing, the Attorney General of the State of Texas must have considered the use of said policy as a part of its approval of the proposed bond issue.

19. subject to the availability of funds, TRA's debt structure or the timing of its funding needs, the Board's Executive Administrator may request that TRA execute a separate financing agreement in a form and substance acceptable to the Board;
20. all laborers and mechanics employed by contractors and subcontractors for projects shall be paid wages at rates not less than those prevailing on projects of a similar character in the locality in accordance with the Davis-Bacon Act, and the U.S. Department of Labor's implementing regulations. The recipient, all contractors, and all sub-contractors shall ensure that all project contracts mandate compliance with Davis-Bacon;
21. fees to be reimbursed under any consulting contract must be reasonable to the services performed and must be reflected in a contract acceptable to the Executive Administrator;
22. loan proceeds shall not be used by TRA when sampling, testing, removing or disposing of contaminated soils and/or media at the project site. The Authorizing Document shall include an environmental indemnification provision wherein TRA agrees to indemnify, hold harmless and protect the Board from any and all claims, causes of action or damages to the person or property of third parties arising from the sampling, analysis, transport, storage, treatment and disposition of any contaminated sewage sludge, contaminated sediments and/or contaminated media that may be generated by TRA, its contractors, consultants, agents, officials and employees as a result of activities relating to the project to the extent permitted by law;
23. TRA shall submit outlay reports with sufficient supporting documentation (e.g.; invoices, receipts) on at least a quarterly basis. The Board shall retain the right to request project progress reports and outlay reports monthly as the project proceeds through each project phase;
24. at the Board's option, the Board may fund the financial assistance under this Resolution with either available cash-on-hand or from bond proceeds. If the financial assistance is funded with available cash-on-hand, the Board reserves the right to change the designated source of funds to bond proceeds issued for the purpose of reimbursing funds used to provide the financial assistance approved in this Resolution; and
25. should one or more of the provisions in this resolution be held to be null, void, voidable or, for any reason whatsoever, of no force and effect, such provision(s) shall be construed as severable from the remainder of this resolution and shall not affect the validity of all other provisions of this resolution which shall remain in full force and effect.

PROVIDED, however, the Authorizing Document is subject to the following special conditions:

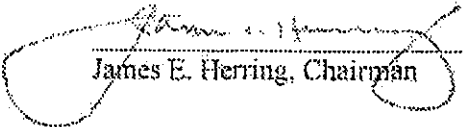
26. the loan is approved for funding under the Board's pre-design funding option as specified in 31 TAC §375.14, and initial and future releases of funds are subject to all rules of the Board relating to such funding option;
27. the Authorizing Document contain a provision that stating that the Authority will maintain

rates and charges to the Contracting Parties sufficient to meet the debt service requirements on the outstanding obligations of the Authority that are supported by such revenues, and that the Authority will require in its contracts with the Contracting Parties that the Contracting Parties maintain rates and charges for its water and sewer systems sufficient to pay the Contracting Parties obligations secured by and made payable from the revenues derived from the operation of its water and sewer systems;

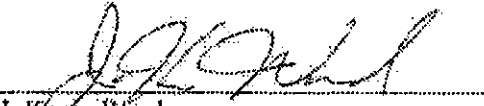
28. upon request by the Executive Administrator, the Authority shall submit annual audits of Contracting Parties for the Executive Administrator's review; and
29. if a reserve fund is funded with proceeds from this loan, then that reserve fund shall be used solely for the purpose of retiring the last bond payment, paying principal and interest when and to the extent the amounts in the interest and sinking fund are insufficient to satisfy the debt service requirements, or for purposes otherwise authorized by the Board's Executive Administrator.

APPROVED and ordered of record this, the 23rd day of September, 2010.

TEXAS WATER DEVELOPMENT BOARD


James E. Herring, Chairman

ATTEST:


J. Kevin Ward
Executive Administrator

TAB 6

GENERAL CERTIFICATE

THE STATE OF TEXAS :
TRINITY RIVER AUTHORITY OF TEXAS :

We, the undersigned, hereby officially certify that we are the President and Secretary of the Board of Directors, respectively, of the Trinity River Authority of Texas (the "Authority") and the General Manager of the Authority, and we further certify as follows:

1. That this certificate is executed for the benefit of the Attorney General of the State of Texas and the prospective owners of the proposed Trinity River Authority of Texas Regional Wastewater System Revenue Bonds, Series 2012, dated July 15, 2012, (the "Bonds") authorized by resolution of the Board of Directors of the Authority on June 27, 2012 (the "Bond Resolution").

2. That Trinity River Authority of Texas is a conservation and reclamation district and political subdivision of the State of Texas, created pursuant to Chapter 518, Acts of the Regular Session of the 54th Legislature, 1955, as amended (the "Authority Act").

3. a. That the Contracts, as defined in the Bond Resolution, between the Authority and 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 (the "Contracting Parties") have not in any manner been changed, amended, or supplemented since the issuance and delivery of that issue of Trinity River Authority of Texas Regional Wastewater System Revenue Bonds, Series 2011A, dated September 15, 2011; and all of the above Contracts are in full force, operation, and effect; and no default exists with respect to any of said Contracts.

b. The form of Regional Wastewater System Contract between the Authority and the Town of Addison, Texas, dated as of October 24, 1990, submitted to the Attorney General of Texas in connection with the issuance of the Bonds is (i) identical to the executed version of such contract and (ii) substantially identical to all of the other Contracts between the Authority and the "Contracting Parties," as defined in the Bond Resolution.

4. That none of the Net Revenues, as defined in the Bond Resolution, from the aforesaid Contracts are pledged or encumbered to the payment of any debt or obligation whatsoever, except the pledge of such revenues to the payment of principal of and interest on the following:

The unpaid and unrefunded Trinity River Authority of Texas Regional Wastewater System Revenue Bonds, Series 2003 Refunding Bonds, Series 2004 Bonds, Series 2005 Bonds, Series 2007 Bonds, Series 2008 Bonds, Series 2008 Refunding Bonds, Series 2009 Bonds, Series 2010 Bonds, Series 2010A Bonds, Series 2011 Refunding Bonds, Series 2011A Bonds and the Bonds (collectively, the "Parity Bonds").

5. That no default exists in connection with any of the covenants or requirements of the resolutions authorizing the Trinity River Authority of Texas Regional Wastewater System Revenue Bonds, Series 2003 Refunding Bonds, Series 2004 Bonds, Series 2005 Bonds, Series 2007 Bonds, Series 2008 Bonds, Series 2008 Refunding Bonds, Series 2009 Bonds, Series 2010 Bonds, Series 2010A Bonds, Series 2011 Refunding Bonds and Series 2011A Bonds; and the "Interest and Sinking Fund" and the "Reserve Fund" created and maintained pursuant to said resolutions each contains the amount now required to be on deposit therein.

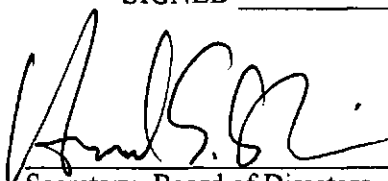
6. That no litigation of any nature has ever been filed pertaining to, affecting or contesting: (a) the title of the present members and officers of the Board of Directors of the Authority to their respective offices; (b) the boundaries of said Authority; (c) the validity of the corporate existence of said Authority; (d) any of the aforesaid Contracts; (e) the Bonds, or (f) any of the other Parity Bonds.

7. That the statements and information set forth in the Application to the Texas Water Development Board, pertaining to the Authority, the Contracting Parties, and the Bonds, and particularly the operating statements, debt service requirements, revenues, rates for water and sewer services (which rates, respectively, have been set by pertinent and applicable ordinances or resolutions now in effect), and other information set forth therein, are true and correct in all material respects, and the above statements and information concerning the Contracting Parties have been verified by the Authority from official documents and information furnished to the Authority by the Contracting Parties, respectively, specifically for inclusion in the aforesaid Application.

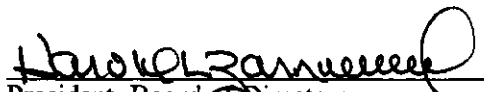
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SIGNED _____

JUN 28 2012



Secretary, Board of Directors,
Trinity River Authority of Texas



President, Board of Directors,
Trinity River Authority of Texas



General Manager,
Trinity River Authority of Texas

TAB 7

ESCROW AGREEMENT

THIS ESCROW AGREEMENT, dated as of July 15, 2012, made by and between Trinity River Authority of Texas, a political subdivision of the State of Texas, (the "Authority"), acting by and through its General Manager, and Wells Fargo Bank, N.A., (the "Bank"), as Escrow Agent (the "Escrow Agent") together with any successor in such capacity;

W I T N E S S E T H:

WHEREAS, pursuant to a Resolution finally adopted on June 27, 2012 (the "Resolution"), the Authority authorized the issuance of \$74,270,000 Trinity River Authority of Texas Regional Wastewater System Revenue Bonds, Series 2012, dated July 15, 2012 (the "Obligations"), for the purpose of funding wastewater system improvements (the "Project"); and

WHEREAS, such Resolution also confirmed the sale of the Obligations to the Texas Water Development Board (the "TWDB"); and

WHEREAS, the Escrow Agent is a national bank located in the State of Texas, that is an insured depository institution with the Federal Deposit Insurance Corporation, ("FDIC"), has been designated a state depository institution by the Texas Office of the Comptroller and is otherwise qualified and empowered to enter into this Agreement, and hereby acknowledges its acceptance of the terms and provisions hereof; and

WHEREAS, a condition to the purchase of the Obligations by the TWDB is the deposit of the proceeds of sale in escrow subject to being withdrawn only with the approval of the Executive Administrator of the TWDB or another designated representative; provided, however, the funds can be transferred to different investments so long as all parties hereto consent to such transfer;

NOW, THEREFORE, in consideration of the mutual agreements herein contained and in consideration of the amount to be paid by the Authority to the Escrow Agent, as set forth on Exhibit A, the receipt of which is hereby acknowledged, and in order to secure the delivery of the Obligations, the parties hereto mutually undertake, promise and agree for themselves, their respective representatives and successors, as follows:

SECTION 1: ESCROW ACCOUNT. Upon the delivery of the Obligations described above, proceeds of sale shall be deposited to the credit of a special escrow account maintained at the Bank on behalf of the Authority and the TWDB and shall not be commingled with other accounts or funds. The amounts received by the Escrow Agent under this Agreement shall not be considered as a banking deposit by the Authority, and the Escrow Agent shall have no right to title with respect thereto except as Escrow Agent under the terms of this Agreement.

These escrowed funds shall be kept in a separate account entitled "Trinity River Authority of Texas Regional Wastewater Treatment System Revenue Bonds, Series 2012 Escrow Account" and shall not be subject to warrants, drafts or checks drawn by the Authority but shall be disbursed or withdrawn to pay the costs of the project for which the Obligations were issued or other purposes in accordance with the Resolution and solely upon written authorization from the Executive Administrator, or his designated representative. The Bank shall distribute to the Authority and to the Executive Administrator's staff of the TWDB the escrow account bank statements or trust account statements on a monthly basis.

SECTION 2: COLLATERAL. All cash deposited to the credit of such escrow account and any accrued interest in excess of the amounts insured by the FDIC and remaining uninvested under the terms of this Agreement shall be continuously secured by a valid pledge of direct obligations of the United States of

America or other collateral meeting the requirements of the Public Funds Collateral Act, Chapter 2257, TEX. GOV'T CODE ANN., as amended.

SECTION 3: INVESTMENTS. While funds are held in escrow, the Bank shall only invest escrowed funds in investments that are authorized by the Public Funds Investment Act, Chapter 2256, TEX. GOV'T CODE ANN., as amended. It is the Authority's responsibility to direct the Escrow Agent to invest all public funds in a manner that is consistent not only with the Public Funds Investment Act but also with its own written investment policy.

SECTION 4: DISBURSEMENTS. The Bank shall not honor any disbursement from the escrow fund, or any portion thereof, unless and until it has been supplied with written approval and consent by the Executive Administrator of the TWDB or another designated TWDB representative. However, no written approval and consent by the Executive Administrator shall be required if the disbursement involves transferring funds from one investment to another provided that all such investments are consistent with the requirements of the Public Funds Investment Act.

SECTION 5: UNEXPENDED FUNDS. Any sums remaining unexpended in the escrow account after completion of the Project and after the final accounting has been submitted to and approved by the TWDB shall be disposed of pursuant to the provisions of the Resolution. The Authority shall deliver a copy of such approval of the final accounting by the TWDB to the Escrow Agent together with instructions concerning the disbursement of unexpended funds hereunder. The Escrow Agent shall have no obligation to ensure that such unexpended funds are used as required by the provisions of the Resolution, that being the sole obligation of the Authority.

SECTION 6: CERTIFICATIONS. The Bank shall be authorized to accept and rely upon the certifications and documents furnished to the Bank by the Authority and shall not be liable for the payment of any funds made in reliance in good faith upon such certifications or other documents or approvals, as herein recited.

SECTION 7: LIABILITY OF ESCROW AGENT. To the extent permitted by law, the Escrow Agent shall not be liable for any act done or step taken or omitted by it or any mistake of fact or law, except for its negligence or default or failure in the performance of any obligation imposed upon it hereunder. The Escrow Agent shall not be responsible in any manner for any proceedings in connection with the Obligations or any recitation contained in the Obligations.

SECTION 8: RECORDS. The Escrow Agent will keep complete and correct books of record and account relating to the receipts, disbursements, allocations and application of the money deposited to the Escrow Fund, and investments of the Escrow Fund and all proceeds thereof. The records shall be available for inspection at reasonable hours and under reasonable conditions by the Authority and the TWDB.

SECTION 9: MERGER/CONSOLIDATION. In the event that the Escrow Agent merges or consolidates with another bank or sells or transfers substantially all of its assets or corporate trust business, then the successor bank shall be the successor Escrow Agent without the necessity of further action as long as the successor bank is a state or national bank as well as an FDIC-insured depository institution. The Escrow Agent must provide the TWDB with written notification within 30 days of acceptance of the merger, consolidation, or transfer. If the merger, consolidation or other transfer has occurred between state banks, the newly-created entity shall forward the certificate of merger or exchange issued by the Texas Department of Banking as well as the statement filed with the pertinent chartering authority, if applicable, to the TWDB within a reasonable time of such merger, consolidation or exchange.

SECTION 10: AMENDMENTS. This Agreement may be amended from time to time as necessary with the written consent of the Authority, the Escrow Agent and the TWDB, but no such amendments shall increase the liabilities or responsibilities or diminish the rights of the Bank without its consent.

SECTION 11: TERMINATION. In the event that this escrow agreement is terminated by either the Authority or by the Bank, the Escrow Agent must report said termination in writing to the TWDB within 5 business days of such termination. The Authority is responsible for ensuring that the following criteria are satisfied in selecting the successor escrow agent and notifying the TWDB of the change in escrow agents: (a) the successor escrow agent must be an FDIC-insured state or national bank designated by the Texas Comptroller as a state depository; (b) the successor escrow agent must be retained prior to or at the time of the termination; (c) an escrow agreement must be executed by and between the Authority and the successor escrow agent and must contain the same or substantially similar terms and conditions as are present in this escrow agreement; and (d) the Authority must forward a copy of the executed escrow agreement with the successor escrow agent within 5 business days of said termination. No funds shall be released by the TWDB until it has received, reviewed and approved the escrow agreement with the successor escrow agent. If the Authority has not appointed a successor escrow agent within thirty (30) days of the notice of termination, the Escrow Agent may petition any court of competent jurisdiction in Texas for the appointment of a successor escrow agent or for other appropriate relief, and any such resulting appointment shall be binding upon the Authority. Whether appointed by the Authority or a court, the successor escrow agent and escrow agreement must be approved by the TWDB for the appointment to be effective. The Escrow Agent is responsible for performance under this Escrow Agreement until a successor has been approved by the TWDB and has signed an acceptable escrow agreement.

SECTION 12: EXPIRATION. This Agreement shall expire upon final transfer of the funds in the Escrow Account to the Authority.

SECTION 13: POINT OF CONTACT. The points of contact for the Escrow Agent and the TWDB are as follows:

Kushina White
Assistant Vice President
Wells Fargo Corporate Trust
MAC T9263-170
750 N. St. Paul Place, Suite 1750
Dallas, Texas 75201
(214) 756-7410 (Office)
(214) 756-7401 (Fax)
kushina.white@wellsfargo.com

Executive Administrator
Texas Water Development Board
1700 North Congress Avenue
Austin, Texas 78701

SECTION 14: CHOICE OF LAW. This Agreement shall be governed exclusively by the applicable laws of the State of Texas. Venue for disputes shall be in the District Court of Travis County, Texas.

SECTION 15: ASSIGNABILITY. This Agreement shall not be assignable by the parties hereto, in whole or in part, and any attempted assignment shall be void and of no force and effect.

SECTION 16: ENTIRE AGREEMENT. This Agreement evidences the entire Escrow Agreement between the Escrow Agent and the Authority and supersedes any other Agreements, whether oral or written, between the parties regarding the Funds or the escrow account. No modification or amendment of this Agreement

shall be valid unless the same is in writing and is signed by the Authority and consented to by the Escrow Agent and the TWDB.

SECTION 17: VALIDITY OF PROVISIONS. If any term, covenant, condition or provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby.

SECTION 18: COMPENSATION FOR ESCROW SERVICES. The Escrow Agent shall be entitled to compensation for its services as stated in the fee schedule agreed to by the Escrow Agent and the Authority from time to time, which compensation shall be paid by the Authority but may not be paid directly from the escrow account.

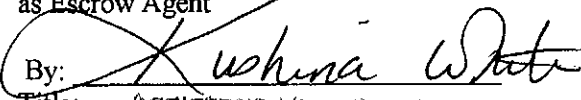
IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

TRINITY RIVER AUTHORITY OF TEXAS

By: 
General Manager

Address:
5300 S. Collins
Arlington, Texas 76018

WELLS FARGO BANK, N.A.
as Escrow Agent

By: 
Title: Assistant Vice President

TAB 8

SIGNATURE IDENTIFICATION AND AUTHORITY CERTIFICATE OF
WELLS FARGO BANK, N.A.

I, the undersigned, KRISTEL D. RICHARDS, do hereby certify that:

1. I am a duly elected and acting Vice President of Wells Fargo Bank, N.A. (the "Bank"), and I am duly authorized to execute this certificate on its behalf.

2. That certain Escrow Agreement between the Trinity River Authority of Texas and the Bank, dated as of July 15, 2012 (the "Agreement") relating to the Regional Wastewater System Revenue Bonds, Series 2012, was duly executed on behalf of the Bank by Kushina White, who at the time of executing and attesting the same was and is now a duly elected and acting Assistant Vice President of the Bank and authorized to execute, attest and deliver the Agreement as evidenced by the resolutions or Bylaws contained in Exhibit "A". The resolutions or Bylaws contained in Exhibit "A" were duly adopted and are in full force and effect as of this date. There follows the names, offices and true and correct signatures of the aforesaid officers:

<u>Name</u>	<u>Office</u>	<u>Signature</u>
<u>Kushina White</u>	<u>Assistant Vice President</u>	<u>Kushina White</u>

WITNESS my hand this July 3, 2012.

Name: Kristel D Richards
Title: Vice President



Wells Fargo Bank, N.A.
Corporate Trust Services

Certified Copy of General Signature
Resolution Relating to Execution
of Written Instruments

I Kathleen Wagner, an Assistant Secretary of Wells Fargo Bank, National Association, a national banking association organized under the laws of the United States of America (the "Bank"), hereby certify that:

The following is a true and correct extract from resolutions duly adopted by the Board of Directors of the Bank on November 25, 2003, and that no modification, amendment, rescission or revocation of such resolutions has occurred affecting such extract as of the date of this certificate, and that the resolutions remain in full force and effect on the date hereof:

RESOLVED, that agreements, instruments, or other documents, including amendments and modifications thereto, relating to or affecting the property or business and affairs of the Bank, whether acting for its own account or in a fiduciary or other representative capacity, may be executed in its name by the persons hereinafter authorized;

FURTHER RESOLVED, that for the purposes of these resolutions, "Executive Officer" shall mean any person specifically designated as an Executive Officer of the Bank by resolution of the Board of Directors, and "Signing Officer" shall mean the Chairman of the Board, the President, any Vice Chairman, any Executive Vice President, any Senior Vice President, the Treasurer, any Vice President, any Assistant Vice President, any person whose title includes the word "Officer" (e.g., Commercial Banking Officer, Personal Banking Officer, Trust Officer), or any other person whose title has been or is hereafter designated by the Board of Directors as a title for an officer of the Bank, and such officers are hereby authorized to sign agreements, instruments and other documents on behalf of the Bank in accordance with the signing authorities conferred in Parts A, B and C of these resolutions;

A. Executive Officers

FURTHER RESOLVED, that the Chairman, the President, any Vice Chairman, any Executive Vice President and any Executive Officer of the Bank, acting alone, may execute agreements, guaranties, instruments or other documents which such officer may deem necessary, proper or expedient to the conduct of the business of the Bank;

B. Vice Presidents and Above

FURTHER RESOLVED, that the Chairman, the President, any Vice Chairman, any Executive Vice President, any Senior Vice President and any Vice President, acting alone, may execute on behalf of the Bank:

Deeds, leases, assignments, bills of sale, purchase agreements and other instruments of conveyance to purchase, sell, lease or sublease to or from a third party real property, or any interest therein, for the Bank's own account; provided, however, that such agreements, instruments and other documents may also be signed as hereinafter provided with respect to real property acquired by the Bank in connection with collateral for a loan.

Bonds of indemnity and powers of attorney; provided, however, that proxies to vote stock in a corporation or to vote other interests in other legal entities and stock and bond powers may also be signed as hereinafter provided.

C. Signing Officers

FURTHER RESOLVED, that any Signing Officer, acting alone, may execute on behalf of the Bank, whether acting for its own account or in a fiduciary or other representative capacity:

* * *

Receipts for any funds or other property paid or delivered to the Bank.

Guaranties of signatures, whether appearing as endorsements of bonds, certificates of stock, or other securities, including without limitation medallion guaranties provided in connection with a medallion stamp, or otherwise.

* * *

Agreements and proposals to provide services to or receive services from third parties.

* * *

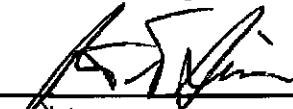
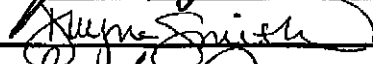


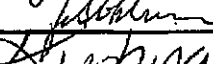



Trust indentures, declarations of trust, trust and agency agreements, pooling and servicing agreements, fiscal and paying agency agreements, acceptances thereof, consents thereto and any similar agreements, however denominated, to which the Bank is a party in a fiduciary or other representative capacity; certificates of authentication or other indicia of valid issuance with respect to bonds, notes, debentures and other securities or obligations issued under any indenture, mortgage, trust or other agreement; certificates for securities deposited, interim certificates and other certificates for and on behalf of the Bank as depository or agent; countersignatures of stocks, bonds, notes, debentures, voting trust certificates, participation certificates and other certificates, instruments, obligations or other securities on behalf of the Bank as trustee, fiscal and paying agent, transfer agent, registrar or in another similar capacity; and certificates of cancellation and cremation of stocks, bonds, debentures or other securities.

* * *

FURTHER RESOLVED, that the signature of the Secretary or of any Assistant Secretary of the Bank shall be required to certify any resolution adopted by the Board of Directors of the Bank or any committee thereof, the incumbency, title or signature of any officer of the Bank and any designation of authority under these resolutions or otherwise, and the Secretary or any Assistant Secretary of the Bank may also certify any records or other documents created in the ordinary course of the business of the Bank.

I further certify that on the date below, the following named persons were duly appointed, qualified and acting Signing Officers of Wells Fargo Bank, N.A., that their correct title

and genuine signature appears beside their name, and that on said date they were duly authorized to act on behalf of the Bank as set forth in the foregoing resolution:

Name	Title	Signature
Patrick Giordano	Vice President	
Dayna Smith	Assistant Vice President	
Sandra Jones	Vice President	
Amy C. Perkins	Vice President	
John C. Stohlmann	Vice President	
Kushina White	Assistant Vice President	
Kristel D. Richards	Vice President	
Kathleen Wagner	Vice President	

IN WITNESS WHEREOF, I have hereunto signed my name this _____



Assistant Secretary

*** Redacted [Indicates portions of the resolutions have intentionally been omitted because the sections are not relevant to the transaction for which this certification has been requested.]

TAB 9

ENGINEER'S CERTIFICATE

Alan Plummer and Associates, Inc., Consulting Engineers, acting by and through the undersigned Registered Professional Engineer of the State of Texas, hereby certifies as follows:

1. That this certificate is executed with reference to the proposed TRINITY RIVER AUTHORITY OF TEXAS REGIONAL WASTEWATER SYSTEM REVENUE BONDS, SERIES 2012, dated July 15, 2012 (the "Bonds"), authorized by Resolution No. R-1350 adopted on June 27, 2012, by the Board of Directors of the Authority (the "Bond Resolution").

2. That, in our opinion, the "Net Revenues" from "Contracts" with the "Contracting Parties", as such terms are defined in the Bond Resolution, will be at least one times the principal and interest requirements for all unpaid and unrefunded "Series 2003 Refunding Bonds", "Series 2004 Bonds", "Series 2005 Bonds", "Series 2007 Bonds", "Series 2008 Bonds", "Series 2008 Refunding Bonds", "Series 2009 Bonds", "Series 2010 Bonds", "Series 2010A Bonds", "Series 2011 Refunding Bonds" and "Series 2011A Bonds" (as such terms are defined and described in the Bond Resolution and Certificate of General Manager), and for the proposed Bonds, throughout the period during which said obligations are scheduled to be outstanding.

EXECUTED this 16 July 2012

ALAN PLUMMER AND ASSOCIATES, INC.

By Betty L. Jordan
Registered Professional Engineer
of the State of Texas

(ENGINEER'S
SEAL)

Betty L. Jordan
7/16/12

TAB 10

SIGNATURE IDENTIFICATION AND NO-LITIGATION CERTIFICATE

THE STATE OF TEXAS :
TRINITY RIVER AUTHORITY OF TEXAS :

We, the undersigned, hereby certify as follows:

(a) That this certificate is executed and delivered with reference to that issue of Trinity River Authority of Texas Regional Wastewater System Revenue Bonds, Series 2012, dated July 15, 2012, in the principal amount of \$74,270,000.

(b) That we officially executed and signed said Bonds manually or by causing facsimiles of our manual signatures to be placed on each of said Bonds, and we hereby adopt said facsimile signatures as our own, respectively, and declare that said facsimile signatures constitute our signatures the same as if we had manually signed each of said Bonds.

(c) That said Bonds are substantially in the form, and have been duly executed and signed in the manner, prescribed in the resolution authorizing the issuance of said Bonds.

(d) That at the time we so executed and signed said Bonds we were, and at the time of executing this certificate we are, the duly chosen, qualified and acting officers indicated therein, and authorized to execute same.

(e) That no litigation of any nature has been filed or is now pending to restrain or enjoin the issuance or delivery of said Bonds, or which would affect the provision made for their payment or security, or in any manner questioning the proceedings or authority concerning the issuance of said Bonds, and that so far as we know and believe no such litigation is threatened.

(f) That neither the corporate existence nor boundaries of said issuer is being contested, that no litigation has been filed or is now pending which would affect the authority of the officers of said issuer to issue, execute, and deliver said Bonds, and that no authority or proceedings for the issuance of said Bonds have been repealed, revoked or rescinded.

(g) That we have caused the official seal of said issuer to be impressed or placed in facsimile on each of said Bonds, and said seal on said Bonds has been duly adopted as, and is hereby declared to be, the official seal of said issuer.

(h) The Attorney General of Texas is hereby authorized and directed to date this certificate concurrently with the date of approval of the Bonds. If any litigation or contest should develop pertaining to the Bonds or any other matters covered by this certificate, the undersigned will notify you thereof immediately by telephone. With this assurance the Attorney General can rely on the absence of any such litigation or contest, and on the veracity and currency of this certificate, at the time he approves the Bonds, unless he is notified otherwise as aforesaid.

EXECUTED and delivered this

AUG 01 2012

MANUAL SIGNATURES

Howard H. Baranowski
Amal S. B.

OFFICIAL TITLES

President, Board of Directors

Secretary, Board of Directors

Before me on this day personally appeared the foregoing individuals known to me to be the officers whose true and genuine signatures were subscribed to the foregoing instrument in my presence.

Given under my hand and seal of office this 27th June, 2012.



(Notary Seal)

Sheila J. Murphy
Notary Public

TAB 11

RECEIPT FOR PROCEEDS

THE STATE OF TEXAS :
TRINITY RIVER AUTHORITY OF TEXAS :

The undersigned hereby certifies as follows:

(a) That this receipt is executed and delivered with reference to

Trinity River Authority of Texas Regional Wastewater System Revenue Bonds, Series 2012, authorized by a resolution adopted by the Board of Directors of the Issuer on June 27, 2012 (the "Bonds").

(b) That the undersigned is duly qualified to receipt for the proceeds of the Bonds on behalf of the Issuer.

(c) That the Bonds have been duly delivered to the purchaser thereof.

(d) That the Bonds have been paid for in full by said purchaser concurrently with the delivery of this certificate, and the Issuer has received, and hereby acknowledges receipt of, the agreed purchase price for the Bonds.

EXECUTED and delivered this **AUG 01 2012**



General Manager

TAB 12

RECEIPT AND DISBURSEMENT OF FUNDS

The Bank of New York Mellon Trust Company, National Association (the "Bank") hereby acknowledges receipt of the sum of \$72,920,962.00 for the account and on behalf of the Trinity River Authority of Texas (the "Authority") relating to its Regional Wastewater Treatment System Revenue Bonds, Series 2012 and, pursuant to instructions from the Authority, such funds have been applied, allocated and deposited in the manner set forth in the attached Exhibit A.

DATED this August 1, 2012.

THE BANK OF NEW YORK MELLON TRUST COMPANY,
NATIONAL ASSOCIATION

By: FDU

Authorized Officer

TAB 13

FEDERAL TAX CERTIFICATE

1. In General.

- 1.1. The undersigned is the General Manager of Trinity River Authority of Texas (the "Issuer").
- 1.2. This Certificate is executed for the purpose of establishing the reasonable expectations of the Issuer as to future events regarding the Issuer's Regional Wastewater System Revenue Bonds, Series 2012 (the "Bonds"). The Bonds are being issued pursuant to a resolution of the Issuer (the "Resolution") adopted on the date of sale of the Bonds. The Resolution is incorporated herein by reference.
- 1.3. To the best of the undersigned's knowledge, information and belief, the expectations contained in this Federal Tax Certificate are reasonable.
- 1.4. The undersigned is an officer of the Issuer delegated with the responsibility of issuing and delivering the Bonds.
- 1.5. The undersigned is not aware of any facts or circumstances that would cause him to question the accuracy of the representations made by First Southwest Company (the "Financial Advisor") in Subsection 5.3 of this Certificate and with respect to the Schedules attached hereto as Exhibit "D".

2. The Purpose of the Bonds and Useful Lives of Projects.

- 2.1. The Bonds are being issued pursuant to the Resolution (a) to provide for the payment of costs of issuing the Bonds (b) to acquire and construct improvements, betterments, extensions and replacements of the Issuer's regional wastewater system to provide wastewater disposal system services to cities and others (the "Projects") and (c) to deposit funds in the reserve fund (the "Reserve Fund") established by the Resolution.
- 2.2. The Issuer expects that the aggregate useful lives of the Projects exceed 28 years from the later of the date the Projects are placed in service or the date on which the Bonds are issued.
- 2.3. All earnings, such as interest and dividends, received from the investment of the proceeds of the Bonds during the period of acquisition and construction of the Projects and not used to pay interest on the Bonds, will be used to pay the costs of the Projects, unless required to be rebated and paid to the United States in accordance with section 148(f) of the Internal Revenue Code of 1986 (the "Code"). The proceeds of the Bonds, together with any investment earnings thereon, are expected not to exceed the amount necessary for the governmental purpose of the Bonds. The Issuer expects that no disposition proceeds will arise in connection with the Projects or the Bonds.

3. Expenditure of Bond Proceeds and Use of Projects.

- 3.1. The Issuer will incur, within six months after the date of issue of the Bonds, a binding obligation to commence the Projects, either by entering into contracts for the construction of the Projects or by entering into contracts for architectural or engineering services for such Projects, or contracts for the development, purchase of construction materials, or purchase of equipment, for the Projects, with the amount to be paid under such contracts to be in excess of five percent of the proceeds which are estimated to be used for the cost of the Projects.
- 3.2. After entering into binding obligations, work on such Projects will proceed promptly with due diligence to completion.

3.3. All original proceeds derived from the sale of the Bonds to be applied to the Projects and all investment earnings thereon (other than any amounts required to be rebated to the United States pursuant to section 148(f) of the Code) will be expended for the Projects no later than a date which is three years after the date of issue of bonds by the Texas Water Development Board.

3.4. The payment of legal and underwriting costs associated with the issuance of the Bonds is not contingent on the loans to be made and the Issuer expects that at least 95 percent of the costs associated with the issuance of the Bonds will be paid within 180 days of the date hereof. The Issuer will account for the expenditure of Bond proceeds (including investment earnings thereon) for the purposes described in Section 2 herein on its books and records by allocating such proceeds to expenditures within 18 months of the later of the date that (i) the expenditure is made, or (ii) the purposes for which the Bonds are issued have been accomplished. The foregoing notwithstanding, the Issuer will expend such sale proceeds more than 60 days after the earlier of (i) the fifth anniversary of the delivery of the Bonds, or (ii) the date the Bonds are retired, unless the Issuer obtains an opinion of nationally-recognized bond counsel that such expenditure will not adversely affect the tax-exempt status of the Bonds.

3.5. Only Project costs paid or incurred by the Issuer on or after 60 days prior to the date the Issuer approved the funding of the Project (the "60-day period") through its declaration of official intent ("Qualified Costs") will be paid or reimbursed with Bond proceeds. For this purpose Qualified Costs also include preliminary expenditures, incurred prior to the 60-day period before the approval of the Issuer through its declaration of official intent, up to an amount not in excess of 20 percent of the aggregate amount of the Bonds. No Qualified Cost represents the cost of property or land acquired from a related party.

3.6. The Issuer will not invest the proceeds prior to such expenditure in any guaranteed investment contract or other non-purpose investment with a substantially guaranteed yield for a period equal to or greater than four years.

3.7. Other than members of the general public and the Contracting Parties, the Issuer expects that throughout the lesser of the term of the Bonds, or the useful lives of the Projects, the only user of the Projects will be the Issuer or the Issuer's employees and agents. The Issuer will be the manager of the Projects. In no event will the proceeds of the Bonds or facilities financed therewith be used for private business use in an amount greater than \$15 million. The Issuer does not expect it or the Contracting Parties to enter into long-term sales of output from the Projects and sales of output will be made on the basis of generally-applicable and uniformly applied rates. The Issuer and the Contracting Parties may apply different rates for different classes of customers, including volume purchasers, which are reasonable and customary.

3.8. Except as stated below, the Issuer expects not to sell or otherwise dispose of property constituting the Projects prior to the earlier of the end of such property's useful life or the final maturity of the Bonds. The Resolution provides that the Issuer will not sell or otherwise dispose of the Projects unless the Issuer receives an opinion of nationally-recognized bond counsel that such sale or other disposition will not adversely affect the tax-exempt status of the Bonds.

3.9. For purposes of Subsection 3.8 hereof, the Issuer has not included the portion of the Projects comprised of personal property that is disposed in the ordinary course at a price that is expected to be less than 25 percent of the original purchase price. The Issuer, upon any disposition of such property, will transfer the receipts from the disposition of such property to the general operating fund and expend such receipts within six months for other governmental programs.

4. Interest and Sinking Fund.

4.1. A separate and special Interest and Sinking Fund has been created and established, other than as described herein, solely to pay the principal of and interest on the Bonds (the "Bona Fide Debt Service Portion"). The Bona Fide Debt Service Portion constitutes a fund that is used primarily to achieve a proper matching of revenues and debt service within each bond year. Such portion will be completely depleted at least once each year except for an amount not in excess of the greater of (a) one-twelfth of the debt service on the Bonds for the previous year, or (b) the previous year's earnings on such portion of the Interest and Sinking Fund. Amounts deposited in the Interest and Sinking Fund constituting the Bona Fide Debt Service Portion will be spent within a thirteen-month period beginning on the date of deposit, and any amount received from the investment of money held in the Interest and Sinking Fund will be spent within a one-year period beginning on the date of receipt.

4.2. Any money deposited in the Interest and Sinking Fund and any amounts received from the investment thereof that accumulate and remain on hand therein after thirteen months from the date of deposit of any such money or one year after the receipt of any such amounts from the investment thereof shall constitute a separate portion of the Interest and Sinking Fund. The yield on any investments allocable to the portion of the Interest and Sinking Fund exceeding the sum of (a) the Bona Fide Debt Service Portion and (b) an amount equal to the lesser of five percent of the sale and investment proceeds of the Bonds or \$100,000 will be restricted to a yield that does not exceed the yield on the Bonds.

5. Reserve Fund.

5.1. Funds on deposit in the Reserve Fund are held in trust for the benefit of the holders of the Bonds. If on any interest payment or maturity date, the Interest and Sinking Fund does not contain an amount sufficient to make debt service payments on the Bonds, the Issuer is required to transfer money from the Reserve Fund to the Interest and Sinking Fund in an amount sufficient to make such payments.

5.2. The present value of the investments deposited to the Reserve Fund and allocable to the Bonds that will be invested at a yield higher than the yield on the Bonds will not, as of any date, exceed an aggregate amount which equals the lesser of (a) 10 percent of the stated principal amount (or, in the case of a discount, the issue price) of the Bonds, (b) 1.25 of the average annual debt service on the Bonds, or (c) maximum annual debt service on the Bonds.

5.3. Based on the recommendation of the Financial Advisor to the Issuer, the amount deposited to the Reserve Fund, if any, does not exceed that amount which is reasonably prudent to be maintained to secure the timely payment of debt service in the event of periodic fluctuations in revenues of the Issuer. Amounts deposited in the Reserve Fund from proceeds received from the sale of the Bonds do not exceed 10 percent of the issue price of the Bonds.

6. Revenue Fund.

6.1. The Resolution creates a Revenue Fund into which certain revenues of the Issuer are deposited. Amounts on deposit in the Revenue Fund are transferred and used in the manner required by the Resolution.

6.2. Other than moneys in the Revenue Fund that are transferred to the Interest and Sinking Fund, the moneys in the Revenue Fund are reasonably expected not to be used to pay the principal of and interest on the

Bonds. There will be no assurance that such moneys will be available to meet debt service if the Issuer encounters financial difficulty. Amounts in the Revenue Fund will be invested without yield restriction.

7. Emergency Fund.

7.1. The Resolution creates a Emergency Fund which will be used solely for the purposes described in the Resolution.

7.2. Moneys in the Emergency Fund are reasonably expected not to be used to pay the principal of and interest on the Bonds. There will be no assurance that such amounts will be available to meet debt services if the Issuer encounters financial difficulty. Amounts in the Emergency Fund will be invested without yield restriction.

8. Yield.

8.1. The Bonds are being purchased by the Board at a purchase price of 100 percent of the stated principal amount thereof less an origination fee of \$1,349,038.

8.2. The Issuer has not entered into any qualified guarantee or qualified hedge with respect to the Bonds. The yield on the Bonds will not be affected by subsequent unexpected events, except to the extent provided in section 1.148-4(h)(3) of the Treasury Regulations when and if the Issuer enters into a qualified hedge or into any transaction transferring, waiving or modifying any right that is part of the terms of any Bond. The Issuer will consult with nationally recognized bond counsel prior to entering into any of the foregoing transactions.

9. Invested Sinking Fund Proceeds, Replacement Proceeds.

9.1. The Issuer has, in addition to the moneys received from the sale of the Bonds, certain other moneys that are invested in various funds which are pledged for various purposes. These other funds are not available to accomplish the purposes described in Section 2 of this Certificate.

9.2. Other than the Interest and Sinking Fund and the Reserve Fund, there are, and will be, no other funds or accounts established, or to be established, by or on behalf of the Issuer that (a) are reasonably expected to be used, or to generate earnings to be used, to pay debt service on the Bonds, or (b) are reserved or pledged as collateral for payment of debt service on the Bonds and for which there is reasonable assurance that amounts therein will be available to pay such debt service if the Issuer encounters financial difficulties. Accordingly, there are no other amounts constituting "gross proceeds" of the Bonds, within the meaning of section 148 of the Code.

10. Other Obligations.

There are no other obligations of the Issuer, that (a) are sold at substantially the same time as the Bonds, i.e., within 15 days of the date of sale of the Bonds, (b) are sold pursuant to a common plan of financing with the Bonds, and (c) will be payable from the same source of funds as the Bonds.

11. Federal Tax Audit Responsibilities.

The Issuer acknowledges that in the event of an examination by the Internal Revenue Service (the "Service") to determine compliance of the Bonds with the provisions of the Code as they relate to tax-exempt obligations, the Issuer will respond, and will direct its agents and assigns to respond, in a commercially reasonable manner to any inquiries from the Service in connection with such an examination. The Issuer understands and agrees that the examination may be subject to public disclosure under applicable Texas law. The Issuer acknowledges that this Certificate, including any attachments, does not constitute an opinion of Bond Counsel as to the proper federal tax or accounting treatment of any specific transaction.

12. Record Retention and Private Business Use.

The Issuer has covenanted in the Resolution that it will comply with the requirements of the Code relating to the exclusion of the interest on the Bonds under section 103 of the Code. The Service has determined that certain materials, records and information should be retained by the issuers of tax-exempt obligations for the purpose of enabling the Service to confirm the exclusion of the interest on such obligations under section 103 of the Code. **ACCORDINGLY, THE ISSUER SHALL TAKE STEPS TO ENSURE THAT ALL MATERIALS, RECORDS AND INFORMATION NECESSARY TO CONFIRM THE EXCLUSION OF THE INTEREST ON THE BONDS UNDER SECTION 103 OF THE CODE ARE RETAINED FOR THE PERIOD BEGINNING ON THE ISSUE DATE OF THE BONDS AND ENDING AT LEAST THREE YEARS AFTER THE DATE THE BONDS ARE RETIRED.** The Issuer acknowledges receipt of the letters attached hereto as Exhibit "B" which discusses limitations related to private business use and Exhibit "C" which, in part, discusses specific guidance by the Service with respect to the retention of records relating to tax-exempt bond transactions.

13. Rebate to United States.

The Issuer has covenanted in the Resolution that it will comply with the requirements of the Code, including section 148(f) of the Code, relating to the required rebate to the United States. Specifically, the Issuer will take steps to ensure that all earnings on gross proceeds of the Bonds in excess of the yield on the Bonds required to be rebated to the United States will be timely paid to the United States. The Issuer acknowledges receipt of the memorandum attached hereto as Exhibit "A" which discusses regulations promulgated pursuant to section 148(f) of the Code.


14. Texas Water Development Board Programmatic Compliance.

The Issuer agrees to comply with the requirements imposed on the Issuer by the Board in the Board's Resolution Approving Financial Assistance to the Issuer from the Clean Water State Revolving Fund, which are incorporated herein by reference.

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DATED as of August 1, 2012.

TRINITY RIVER AUTHORITY OF TEXAS

By: 
General Manager

The undersigned represents that, to the best of the undersigned's knowledge, information and belief, the representations contained in Subsection 5.3 of this Federal Tax Certificate and the Schedules attached hereto as Exhibit "D" are, as of August 1, 2012, accurate and complete. We understand that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in this Federal Tax Certificate and by McCall, Parkhurst & Horton L.L.P. (i) in connection with rendering its opinion to the Issuer that interest on the Bonds is excludable from gross income thereof for income tax purposes, and (ii) for purposes of completing the IRS Form 8038-G. The undersigned is certifying only as to facts in existence on the date hereof. Nothing herein represents the undersigned's interpretation of any laws or the application of any laws to these facts.

FIRST SOUTHWEST COMPANY

By: Mary Williams
Name: Mary Williams
Title: SVP

Exhibit "A"

LAW OFFICES

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January 1, 2006

ARBITRAGE REBATE REGULATIONS[©]

The arbitrage rebate requirements set forth in section 148(f) of the Internal Revenue Code of 1986 (the "Code") generally provide that in order for interest on any issue of bonds¹ to be excluded from gross income (i.e., tax-exempt) the issuer must rebate to the United States the sum of, (1) the excess of the amount earned on all "nonpurpose investments" acquired with "gross proceeds" of the issue over the amount which would have been earned if such investments had been invested at a yield equal to the yield on the issue, and (2) the earnings on such excess earnings.

On June 18, 1993, the U.S. Treasury Department promulgated regulations relating to the computation of arbitrage rebate and the rebate exceptions. These regulations, which replace the previously-published regulations promulgated on May 15, 1989, and on May 18, 1992, are effective for bonds issued after June 30, 1993. This memorandum was prepared by McCall, Parkhurst & Horton L.L.P. and provides a general discussion of these arbitrage rebate regulations. This memorandum does not otherwise discuss the general arbitrage regulations, other than as they may incidentally relate to rebate. This memorandum also does not attempt to provide an exhaustive discussion of the arbitrage rebate regulations and should not be considered advice with respect to the arbitrage rebate requirements as applied to any individual or governmental unit or any specific transaction. Any tax advice contained in this memorandum is of a general nature and is not intended to be used, and should not be used, by any person to avoid penalties under the Code.

McCall, Parkhurst & Horton L.L.P. remains available to provide legal advice to issuers with respect to the provisions of these tax regulations but recommends that issuers seek competent financial and accounting assistance in calculating the amount of such issuer's rebate liability under section 148(f) of the Code and in making elections to apply the rebate exceptions.

Effective Dates

¹ In this memorandum the word "bond" is defined to include any bond, note, certificate, financing lease or other obligation of an issuer.

The regulations promulgated on June 18, 1993, generally apply to bonds delivered after June 30, 1993, although they do permit an issuer to elect to apply the rules to bonds issued prior to that date. The temporary regulations adopted by the U.S. Treasury Department in 1989 and 1992 incorporated the same effective dates which generally apply for purposes of section 148(f) of the Code. As such, the previous versions of the rebate regulations generally applied to bonds issued between August 1986 and June 30, 1993 (or, with an election, to bonds issued prior to August 15, 1993). The statutory provisions of section 148(f) of the Code, other than the exception for construction issues, apply to all bonds issued after August 15, 1986, (for private activity bonds) and August 31, 1986, (for governmental public purpose bonds). The statutory exception to rebate applicable for construction issues generally applies if such issue is delivered after December 19, 1989.

The regulations provide numerous transitional rules for bonds sold prior to July 1, 1993. Moreover, since, under prior law, rules were previously published with respect to industrial development bonds and mortgage revenue bonds, the transitional rules contained in these regulations permit an issuer to elect to apply certain of these rules for computing rebate on pre-1986 bonds. The regulations provide for numerous elections which would permit an issuer to apply the rules (other than 18-month spending exception) to bonds which were issued prior to July 1, 1993 and remain outstanding on June 30, 1993. Due to the complexity of the regulations, it is impossible to discuss in this memorandum all circumstances for which specific elections are provided. If an issuer prefers to use these final version of rebate regulations in lieu of the computational method stated under prior law (e.g., due to prior redemption) or the regulations, please contact McCall, Parkhurst & Horton L.L.P. for advice as to the availability of such options.

Future Value Computation Method

The regulations employ an actuarial method for computing the rebate amount based on the future value of the investment receipts (i.e., earnings) and payments. The rebate method employs a two-step computation to determine the amount of the rebate payment. First, the issuer determines the bond yield. Second, the issuer determines the arbitrage rebate amount. The regulations require that the computations be made at the end of each five-year period and upon final maturity of the issue (the "computation dates"). **THE FINAL MATURITY DATE WILL ACCELERATE IN CIRCUMSTANCES IN WHICH THE BONDS ARE OPTIONALLY REDEEMED PRIOR TO MATURITY. AS SUCH, IF BONDS ARE REFUNDED OR OTHERWISE REDEEMED, THE REBATE MAY BE DUE EARLIER THAN INITIALLY PROJECTED.** In order to accommodate accurate record-keeping and to assure that sufficient amounts will be available for the payment of arbitrage rebate liability, however, we recommend that the computations be performed at least annually. Please refer to other materials provided by McCall, Parkhurst & Horton L.L.P. relating to federal tax rules regarding record retention.

Under the future value method, the amount of rebate is determined by compounding the aggregate earnings on all the investments from the date of receipt by the issuer to the computation date. Similarly, a payment for an investment is future valued from the date that the payment is made to the computation date. The receipts and payments are future valued at a discount rate equal to the yield on the bonds. The rebatable arbitrage, as of any computation date, is equal to the excess of the (1) future value of all receipts from investments (i.e., earnings), over (2) the future value of all payments.

The following example is provided in the regulations to illustrate how arbitrage rebate is computed under the future value method for a fixed-yield bond:

"On January 1, 1994, City A issues a fixed yield issue and invests all the sale proceeds of the issue (\$49 million). There are no other gross proceeds. The issue has a yield of 7.0000 percent per year compounded semiannually (computed on a 30 day month/360 day year basis). City A receives amounts from the investment and immediately expends them for the governmental purpose of the issue as follows:

<u>Date</u>	<u>Amount</u>
2/1/1994	\$ 3,000,000
4/1/1994	5,000,000
6/1/1994	14,000,000
9/1/1994	20,000,000
7/1/1995	10,000,000

City A selects a bond year ending on January 1, and thus the first required computation date is January 1, 1999. The rebate amount as of this date is computed by determining the future value of the receipts and the payments for the investment. The compounding interval is each 6-month (or shorter) period and the 30 day month/360 day year basis is used because these conventions were used to compute yield on the issue. The future value of these amounts, plus the computation credit, as of January 1, 1999, is:

<u>Date</u>	<u>Receipts (Payments)</u>	<u>FY (7.0000 percent)</u>
01/1/1994	(\$49,000,000)	(\$69,119,339)
02/1/1994	3,000,000	4,207,602
04/1/1994	5,000,000	6,932,715
06/1/1994	14,000,000	19,190,277
09/1/1994	20,000,000	26,947,162
01/1/1995	(1,000)	(1,317)
07/1/1995	10,000,000	12,722,793
01/1/1996	(1,000)	(1,229)
		<u>\$878,664"</u>
Rebate amount (01/01/1999)		

General Method for Computing Yield on Bonds

In general, the term "yield," with respect to a bond, means the discount rate that when used in computing the present value of all unconditionally due payments of principal and interest and all of the payments for a qualified guarantee produces an amount equal to the issue price of the bond. The term "issue price" has the same meaning as provided in sections 1273 and 1274 of the Code. That is, if bonds are publicly offered (i.e., sold by the issuer to a bond house, broker or similar person acting in the capacity of underwriter or wholesaler), the issue price of each bond is determined on the basis of the initial offering price to the public (not

to the aforementioned intermediaries) at which price a substantial amount of such bond was sold to the public (not to the aforementioned intermediaries). The "issue price" is separately determined for each bond (i.e., maturity) comprising an issue.

The regulations also provide varying periods for computing yield on the bonds depending on the method by which the interest payment is determined. Thus, for example, yield on an issue of bonds sold with variable interest rates (i.e., interest rates which are reset periodically based on changes in market) is computed separately for each annual period ending on the first anniversary of the delivery date that the issue is outstanding. In effect, yield on a variable yield issue is determined on each computation date by "looking back" at the interest payments for such period. The regulations, however, permit an issuer of a variable-yield issue to elect to compute the yield for annual periods ending on any date in order to permit a matching of such yield to the expenditure of the proceeds. Any such election must be made in writing, is irrevocable, and must be made no later than the earlier of (1) the fifth anniversary date, or (2) the final maturity date.

Yield on a fixed interest rate issue (i.e., an issue of bonds the interest rate on which is determined as of the date of the issue) is computed over the entire term of the issue. Issuers of fixed-yield issues generally use the yield computed as of the date of issue for all rebate computations. Such yield on fixed-yield issues generally is recomputed only if (1) the issue is sold at a substantial premium, may be retired within five years of the date of delivery, and such date is earlier than its scheduled maturity date, or (2) the issue is a stepped-coupon bond. In such cases, the regulations require the issuer to recompute the yield on such issues by taking into account the early retirement value of the bonds. Similarly, recomputation may occur in circumstances in which the issuer or bondholder modify or waive certain terms of, or rights with respect to, the issue or in sophisticated hedging transactions. **IN SUCH CIRCUMSTANCES, ISSUERS ARE ADVISED TO CONSULT McCALL, PARKHURST & HORTON L.L.P. TO ADDRESS THE FEDERAL INCOME TAX CONSEQUENCES OF THESE TRANSACTIONS.**

For purposes of determining the principal or redemption payments on a bond, different rules are used for fixed-rate and variable-rate bonds. The payment is computed separately on each maturity of bonds rather than on the issue as a whole. In certain circumstances, the yield on the bond is determined by assuming that principal on the bond is paid as scheduled and that the bond is retired on the final maturity date for the stated retirement price. For bonds subject to early redemption or stepped-coupon bonds, described above, or for bonds subject to mandatory early redemption, the yield is computed assuming the bonds are paid on the early redemption date for an amount equal to their value.

Premiums paid to guarantee the payment of debt service on bonds are taken into account in computing the yield on the bond. Payments for guarantees are taken into account by treating such premiums as the payment of interest on the bonds. This treatment, in effect, raises the yield on the bond, thereby permitting the issuer to recover such fee with excess earnings.

The guarantee must be an unconditional obligation of the guarantor enforceable by the bondholder for the payment of principal or interest on the bond or the tender price of a tender bond. The guarantee may be in the form of an insurance policy, surety bond, irrevocable letter or line of credit, or standby purchase agreement. Importantly, the guarantor must be legally entitled to full reimbursement for any payment made on the guarantee either immediately or

upon commercially reasonable repayment terms. The guarantor may not be a co-obligor of the bonds or a user of more than 10 percent of the proceeds of the bonds.

Payments for the guarantee may not exceed a reasonable charge for the transfer of credit risk. This reasonable charge requirement is not satisfied unless it is reasonably expected that the guarantee will result in a net present value savings on the bond (i.e., the premium does not exceed the present value of the interest savings resulting by virtue of the guarantee). If the guarantee is entered into after June 14, 1989, then any fees charged for the nonguarantee services must be separately stated or the guarantee fee is not recoverable.

The regulations also treat certain "hedging" transactions in a manner similar to qualified guarantees. "Hedges" are contracts, e.g., interest rate swaps, futures contracts or options, which are intended to reduce the risk of interest rate fluctuations. Hedges and other financial derivatives are sophisticated and ever-evolving financial products with which a memorandum, such as this, can not readily deal. **IN SUCH CIRCUMSTANCES, ISSUERS ARE ADVISED TO CONSULT McCALL, PARKHURST & HORTON L.L.P. TO ADDRESS THE FEDERAL INCOME TAX CONSEQUENCES OF THESE TRANSACTIONS.**

Earnings on Nonpurpose Investments

The arbitrage rebate provisions apply only to the receipts from the investment of "gross proceeds" in "nonpurpose investments." For this purpose, nonpurpose investments are stock, bonds or other obligations acquired with the gross proceeds of the bonds for the period prior to the expenditure of the gross proceeds for the ultimate purpose. For example, investments deposited to construction funds, reserve funds (including surplus taxes or revenues deposited to sinking funds) or other similar funds are nonpurpose investments. Such investments include only those which are acquired with "gross proceeds." For this purpose, the term "gross proceeds" includes original proceeds received from the sale of the bonds, investment earnings from the investment of such original proceeds, amounts pledged to the payment of debt service on the bonds or amounts actually used to pay debt service on the bonds. The regulations do not provide a sufficient amount of guidance to include an exhaustive list of "gross proceeds" for this purpose; however, it can be assumed that "gross proceeds" represent all amounts received from the sale of bonds, amounts earned as a result of such sale or amounts (including taxes and revenues) which are used to pay, or secure the payment of, debt service for the bonds. The total amount of "gross proceeds" allocated to a bond generally can not exceed the outstanding principal amount of the bonds.

The regulations provide that an investment is allocated to an issue for the period (1) that begins on the date gross proceeds are used to acquire the investment, and (2) that ends on the date such investment ceases to be allocated to the issue. In general, proceeds are allocated to a bond issue until expended for the ultimate purpose for which the bond was issued or for which such proceeds are received (e.g., construction of a bond-financed facility or payment of debt service on the bonds). Deposit of gross proceeds to the general fund of the issuer (or other fund in which they are commingled with revenues or taxes) does not eliminate or ameliorate the Issuer's obligation to compute rebate in most cases. As such, proceeds commingled with the general revenues of the issuer are not "freed-up" from the rebate obligation. An exception to this commingling limitation for bonds, other than private activity bonds, permits "investment earnings" (but not sale proceeds or other types of gross proceeds) to be considered spent when deposited to a commingled fund if those amounts are reasonably

expected to be spent within six months. Other than for these amounts, issuers may consider segregating investments in order to more easily compute the amount of such arbitrage earnings by not having to allocate investments.

Special rules are provided for purposes of advance refundings. These rules are too complex to discuss in this memorandum. Essentially, the rules relating to refundings, however, do not require that amounts deposited to the escrow fund to defease the prior obligations of the issuer be subject to arbitrage rebate to the extent that the investments deposited to the escrow fund do not have a yield in excess of the yield on the bonds. Any loss resulting from the investment of proceeds in an escrow fund below the yield on the bonds, however, may be recovered by combining those investments with investments deposited to other funds, e.g., reserve or construction funds.

The arbitrage regulations also provide an exception to the arbitrage limitations for the investment of bond proceeds in tax-exempt obligations. As such, investment of proceeds in tax exempt bonds eliminates the Issuer's rebate obligation. A caveat; this exception does not apply to gross proceeds derived allocable to a bond, which is not subject to the alternative minimum tax under section 57(a)(5) of the Code, if invested in tax-exempt bonds subject to the alternative minimum tax, i.e., "private activity bonds." Such "AMT-subject" investment is treated as a taxable investment and must comply with the arbitrage rules, including rebate. Earnings from these tax-exempt investments are subject to arbitrage restrictions, including rebate.

Similarly, the investment of gross proceeds in certain tax-exempt mutual funds are treated as a direct investment in the tax-exempt obligations deposited in such fund. While issuers may invest in such funds for purposes of avoiding arbitrage rebate, they should be aware that if "private activity bonds" are included in the fund then a portion of the earnings will be subject to arbitrage rebate. Issuers should be prudent in assuring that the funds do not contain private activity bonds.

The arbitrage regulations provide a number of instances in which earnings will be imputed to nonpurpose investments. Receipts generally will be imputed to investments that do not bear interest at an arm's-length (i.e., market) interest rate. As such, the regulations adopt a "market price" rule. In effect, this rule prohibits an issuer from investing bond proceeds in investments at a price which is higher than the market price of comparable obligations, in order to reduce the yield. Special rules are included for determining the market price for investment contracts, certificates of deposit and certain U.S. Treasury obligations. For example, to establish the fair market value of investment contracts a bidding process between three qualified bidders must be used. The fair market value of certificates of deposit which bear a fixed interest rate and are subject to an early withdrawal penalty is its purchase price if that price is not less than the yield on comparable U.S. Treasury obligations and is the highest yield available from the institution. In any event, a basic "common sense" rule-of-thumb that can be used to determine whether a fair market value has been paid is to ask whether the general funds of the issuer would be invested at the same yield or at a higher yield. An exception to this market price rule is available for United States Treasury Obligations - State or Local Government Series in which case the purchase price is always the market price.

Reimbursement and Working Capital

The regulations provide rules for purposes of determining whether gross proceeds are used for working capital and, if so, at what times those proceeds are considered spent. In general, working capital financings are subject to many of the same rules that have existed since the mid-1970s. For example, the regulations generally continue the 13-month temporary period. By adopting a "proceeds-spent-last" rule, the regulations also generally require that an issuer actually incur a deficit (i.e., expenditures must exceed receipts) for the computation period (which generally corresponds to the issuer's fiscal year). Also, the regulations continue to permit an operating reserve, but unlike prior regulations the amount of such reserve may not exceed five percent of the issuer's actual working capital expenditures for the prior fiscal year. Another change made by the regulations is that the issuer may not finance the operating reserve with proceeds of a tax-exempt obligation.

Importantly, the regulations contain rules for determining whether proceeds used to reimburse an issuer for costs paid prior to the date of issue of the obligation, in fact, are considered spent at the time of reimbursement. These rules apply to an issuer who uses general revenues for the payment of all or a portion of the costs of a project then uses the proceeds of the bonds to reimburse those general revenues. Failure to comply with these rules would result in the proceeds continuing to be subject to federal income tax restrictions, including rebate.

To qualify for reimbursement, a cost must be described in an expression (e.g., resolution, legislative authorization) evidencing the issuer's intent to reimburse which is made no later than 60 days after the payment of the cost. Reimbursement must occur no later than 18 months after the later of (1) the date the cost is paid or (2) the date the project is placed in service. Except for projects requiring an extended construction period or small issuers, in no event can a cost be reimbursed more than three years after the cost is paid.

Reimbursement generally is not permitted for working capital; only capital costs, grants and loans may be reimbursed. Moreover, certain anti-abuse rules apply to prevent issuers from avoiding the limitations on refundings. IN CASES INVOLVING WORKING CAPITAL OR REIMBURSEMENT, ISSUERS ARE ADVISED TO CONTACT McCALL, PARKHURST & HORTON L.L.P. TO ADDRESS THE FEDERAL INCOME TAX CONSEQUENCES OF THE TRANSACTION.

Rebate Payments

Rebate payments generally are due 60 days after each installment computation date. The interim computation dates occur each fifth anniversary of the issue date. The final computation date is on the latest of (1) the date 60 days after the date the issue of bonds is no longer outstanding, (2) the date eight months after the date of issue for certain short-term obligations (i.e., obligations retired within three years), or (3) the date the issuer no longer reasonably expects any spending exception, discussed below, to apply to the issue. On such payment dates, other than the final payment date, an issuer is required to pay 90 percent of the rebatable arbitrage to the United States. On the final payment date, an issuer is required to pay 100 percent of the remaining rebate liability.

Failure to timely pay rebate does not necessarily result in the loss of tax-exemption. Late payments, however, are subject to the payment of interest, and unless waived, a penalty of 50 percent (or, in the case of private activity bonds, other than qualified 501(c)(3) bonds, 100

percent) of the rebate amount which is due. IN SUCH CIRCUMSTANCES, ISSUERS ARE ADVISED TO CONSULT McCALL, PARKHURST & HORTON L.L.P. TO ADDRESS THE FEDERAL INCOME TAX CONSEQUENCES OF THESE TRANSACTIONS.

Rebate payments are refundable. The issuer, however, must establish to the satisfaction of the Commissioner of the Internal Revenue Service that the issuer paid an amount in excess of the rebate and that the recovery of the overpayment on that date would not result in additional rebatable arbitrage. An overpayment of less than \$5,000 may not be recovered before the final computation date.

Alternative Penalty Amount

In certain cases, an issuer of a bond the proceeds of which are to be used for construction may elect to pay a penalty, in lieu of rebate. The penalty may be elected in circumstances in which the issuer expects to satisfy the two-year spending exception which is more fully described under the heading "Exceptions to Rebate." The penalty is payable, if at all, within 60 days after the end of each six-month period. This is more often than rebate. The election of the alternative penalty amount would subject an issuer, which fails the two-year spend-out requirements, to the payment of a penalty equal to one and one-half of the excess of the amount of proceeds which was required to be spent during that period over the amount which was actually spent during the period.

The penalty has characteristics which distinguish it from arbitrage rebate. First, the penalty would be payable without regard to whether any arbitrage profit is actually earned. Second, the penalty continues to accrue until either (1) the appropriate amount is expended or (2) the issuer elects to terminate the penalty. To be able to terminate the penalty, the issuer must meet specific requirements and, in some instances, must pay an additional penalty equal to three percent of the unexpended proceeds.

Exceptions to Rebate

The Code and regulations provide certain exceptions to the requirement that the excess investment earnings be rebated to the United States.

a. *Small Issuers.* The first exception provides that if an issuer (together with all subordinate issuers) *during a calendar year* does not issue tax-exempt bonds² in an aggregate face amount exceeding \$5 million, then the obligations are not subject to rebate. *Only issuers with general taxing powers may take advantage of this exception.* Subordinate issuers are those issuers which derive their authority to issue bonds from the same issuer, e.g., a city and a health facilities development corporation, or which are controlled by the same issuer, e.g., a state and the board of a public university. In the case of bonds issued for public school capital expenditures, the \$5 million cap may be increased to as much as \$15 million. For purposes of measuring whether bonds in the calendar year exceed these dollar limits, current refunding

² For this purpose, "private activity bonds" neither are afforded the benefit of this exception nor are taken into account for purposes of determining the amount of bonds issued.

bonds can be disregarded if they meet certain structural requirements. Please contact McCall, Parkhurst & Horton L.L.P. for further information.

b. Spending Exceptions.

Six-Month Exception. The second exception to the rebate requirement is available to all tax-exempt bonds, all of the gross proceeds of which are expended during six months. The six month rule is available to bonds issued after the effective date of the Tax Reform Act of 1986. See the discussion of effective dates on page two. For this purpose, proceeds used for the redemption of bonds (other than proceeds of a refunding bond deposited to an escrow fund to discharge refunded bonds) can not be taken into account as expended. As such, bonds with excess gross proceeds generally can not satisfy the second exception unless the amount does not exceed the lesser of five percent or \$100,000 and such de minimis amount must be expended within one year.

Certain gross proceeds are not subject to the spend-out requirement, including amounts deposited to a bona fide debt service fund, to a reserve fund and amounts which become gross proceeds received from purpose investments. These amounts themselves, however, may be subject to rebate even though the originally expended proceeds were not. The Code provides a special rule for tax and revenue anticipation notes (i.e., obligations issued to pay operating expenses in anticipation of the receipt of taxes and other revenues). Such notes are referred to as TRANs. To determine the timely expenditure of the proceeds of a TRAN, the computation of the "cumulative cash flow deficit" is important. If the "cumulative cash flow deficit" (i.e., the point at which the operating expenditures of the issuer on a cumulative basis exceed the revenues of the issuer during the fiscal year) occurs within the first six months of the date of issue and must be equal to at least 90 percent of the proceeds of the TRAN, then the notes are deemed to satisfy the exception. This special rule requires, however, that the deficit actually occur, not that the issuer merely have an expectation that the deficit will occur. In lieu of the statutory exception for TRANs, the regulations also provide a second exception. Under this exception, 100 percent of the proceeds must be spent within six months, but before note proceeds can be considered spent, all other available amounts of the issuer must be spent first ("proceeds-spent-last" rule). In determining whether all available amounts are spent, a reasonable working capital reserve equal to five percent of the prior year's expenditures may be set aside and treated as unavailable.

18-Month Exception. The regulations also establish a non-statutory exception to arbitrage rebate if all of the gross proceeds (including investment earnings) are expended within 18 months after the date of issue. Under this exception, 15 percent of the gross proceeds must be expended within a six-month spending period, 60 percent within a 12-month spending period and 100 percent within an 18-month spending period. The rule permits an issuer to rely on its reasonable expectations for computing investment earnings which are included as gross proceeds during the first and second spending period. A reasonable retainage not to exceed five percent of the sale proceeds of the issue is not required to be spent within the 18-month period but must be expended within 30 months. Rules similar to the six-month exception relate to the definition of gross proceeds.

Two Year Exception. Bonds issued after December 19, 1989 (i.e., the effective date of the Omnibus Reconciliation Act of 1989), at least 75 percent of the net proceeds of which are to be used for construction, may be exempted from rebate if the gross proceeds are spent

within two years. Bonds more than 25 percent of the proceeds of which are used for acquisition or working capital may not take advantage of this exception. The exception applies only to governmental bonds, qualified 501(c)(3) bonds and private activity bonds for governmentally-owned airports and docks and wharves. The two-year exception requires that at least 10 percent of the available construction proceeds must be expended within six months after the date of issue, 45 percent within 12 months, 75 percent within 18 months and 100 percent within 24 months. The term "available construction proceeds" generally means sale proceeds of the bonds together with investment earnings less amounts deposited to a qualified reserve fund or used to pay costs of issuance. Under this rule, a reasonable retainage not to exceed five percent need not be spent within 24 months but must be spent within 36 months.

The two-year rule also provides for numerous elections which must be made not later than the date of issuance of the bonds. Once made, the elections are irrevocable. Certain elections permit an issuer to bifurcate bond issues, thereby treating only a portion of the issue as a qualified construction bond; and, permit an issuer to disregard earnings from reserve funds for purposes of determining "available construction proceeds." Another election permits an issuer to pay the alternative penalty amount discussed above in lieu of rebate if the issuer ultimately fails to satisfy the two-year rule. Issuers should discuss these elections with their financial advisors prior to issuance of the bonds. Of course, McCall, Parkhurst & Horton L.L.P. remains available to assist you by providing legal interpretations thereof.

Debt Service Funds. Additionally, an exception to the rebate requirement, whether or not any of the previously discussed exceptions are available, applies for earnings on "bona fide debt service funds." A "bona fide debt service fund" is one in which the amounts are expended within 13 months of the accumulation of such amounts by the issuer. In general, most interest and sinking funds (other than any excess taxes or revenues accumulated therein) satisfy these requirements. For private activity bonds, short term bonds (i.e., have a term of less than five years) or variable rate bonds, the exclusion is available only if the gross earnings in such fund does not exceed \$100,000, for the bond year. For other bonds issued after November 11, 1988, no limitation is applied to the gross earnings on such funds for purposes of this exception. Therefore, subject to the foregoing discussion, the issuer is not required to take such amounts into account for purposes of the computation.

FOR BONDS ISSUED AFTER THE EFFECTIVE DATE OF THE TAX REFORM ACT OF 1986 WHICH WERE OUTSTANDING AS OF NOVEMBER 11, 1988, OTHER THAN PRIVATE ACTIVITY BONDS, SHORT TERM BONDS OR VARIABLE RATE BONDS, A ONE-TIME ELECTION MAY BE MADE TO EXCLUDE EARNINGS ON "BONA FIDE DEBT SERVICE FUNDS" WITHOUT REGARD TO THE \$100,000, LIMITATION. THE ELECTION MUST BE MADE IN WRITING (AND MAINTAINED AS PART OF THE ISSUER'S BOOKS AND RECORDS) NO LATER THAN THE LATER OF MARCH 21, 1990, OR THE FIRST DATE A REBATE PAYMENT IS REQUIRED.

Conclusion

McCall, Parkhurst & Horton L.L.P. hopes that this memorandum will prove to be useful as a general guide to the arbitrage rebate requirements.

Again, this memorandum is not intended as an exhaustive discussion nor as specific advice with respect to any specific transaction. We advise our clients to seek competent

financial and accounting assistance. Of course, we remain available to provide legal advice regarding all federal income tax matters, including arbitrage rebate. If you have any questions, please feel free to contact either Harold T. Flanagan or Stefano Taverna at (214) 754-9200.

EXHIBIT "B"

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November 1, 2011

**Certain Federal Income Tax Considerations for
Private Business Use of Bond-Financed Facilities**

This memorandum provides a general discussion of those types of contractual arrangements which give rise to private business use, and to what extent that use rises to a prohibited level. Generally, in order for bonds issued by governmental units to be tax-exempt, no more than a de minimis amount of the proceeds of the bonds or the facilities financed with such proceeds may be used by non-governmental users. That is, there may be no more than an incidental use by persons, other than state or local governments. Too much private business use can cause the bonds to become taxable. Private business use for this purpose can be direct or can result from indirect benefits being conveyed to a private person by contractual arrangement. The following discussion describes, in general terms, those types of arrangements which need to be scrutinized.

We hope that this general guideline will be useful to you in interacting with private parties regarding the use of bond proceeds or bond-financed facilities. While the statements contained herein are not intended as advice with regard to any specific transaction, McCall, Parkhurst & Horton L.L.P. remains available should you have questions about these rules. If you have any specific questions or comments, please feel free to contact Stefano Taverna or Harold T. Flanagan at (214) 754-9200.

I. Private Business Use

Arrangements that involve use in a trade or business by a nongovernmental person of bond proceeds or facilities financed with bond proceeds may cause a "private business use" problem. Bond-financed facilities may be used by a variety of people with differing consequences under these rules. For example, students, teachers, employees and the general public may use bond-financed facilities on a non-exclusive basis without constituting private business use. More problematic, however, is use of bond-financed facilities by groups such as managers, lessees (e.g., book store owners), persons providing services (e.g., food or cleaning), seminar groups, sports and entertainment groups, and even alumni associations. The benefits also may be considered to pass to a private person where the right to the output produced by the facility is transferred. For this purpose, the federal government is considered a non-governmental person. Use by an organization organized under section 501(c)(3) of the Internal Revenue Code in a trade or business unrelated to the exempt purpose of such organization also is considered use by a private person.

The term "use" includes both actual and beneficial use. As such, private business use may arise in a variety of ways. For example, ownership of a bond-financed facility by a non-governmental person is private business use. The leasing of a bond-financed facility by a non-governmental person can also cause a private business use problem. Along the same line, management of such facilities by a non-governmental person can cause a problem with private business use, absent compliance with the management contract rules discussed below. Essentially, such use can occur in connection with any arrangement in which the non-governmental user has a preference to benefit from the proceeds or the facilities. Therefore,

any arrangement which results in a non-governmental person being the ultimate beneficiary of the bond financing must be considered.

1. Sales and Leases. The sale of a bond-financed facility to a non-governmental person would cause a private business use problem if that facility involved the use of more than 10 percent of the bond proceeds. Since state law often prohibits a governmental issuer from lending credit, this circumstance generally does not occur. Leases, however, also could be a problem because such arrangements grant a possessory interest in the facility which results in the lessee receiving a right to use the facility which is superior to members of the general public.

2. Management Contracts. Having a private manager will give rise to private business use unless certain terms of the management agreement demonstrate that beneficial use has not been passed to the manager. These factors relate to the compensation arrangements, contract term, cancellation provisions, and the relationship of the parties.

The primary focus of these rules is on compensation. In general, compensation must be reasonable and not be based, in whole or in part, on a share of net profits. Compensation arrangements may take one of four forms: (1) periodic fixed fee; (2) capitation fee; (3) per-unit fee; or (4) percentage of fees charged. In general, a periodic fixed fee arrangement, however, is required in which at least 50 percent of annual compensation be based on a predetermined fee. During the initial two year start-up period, compensation may be based on a percentage of fees charged (i.e., gross revenues, adjusted gross revenues or expenses).

The term of a management contract, generally, may not exceed five years, including all renewal options, and must be cancelable by the governmental unit at the end of the third year. If per-unit fee compensation is used, the term is limited to three years, with a cancellation option for the governmental unit at the end of two years. Where compensation is based on a percentage of gross revenues, the contract may not extend beyond a term of two years, cancelable by the governmental unit at the end of the first year. In each instance, cancellation may be upon reasonable notice, but must be "without penalty or cause," meaning no covenant not to compete, buy-out provision or liquidated damages provision is allowed.

Finally, the manager may not have any role or relationship with the governmental unit that would limit the ability of the governmental unit to exercise its rights under the contract. Any voting power of either party which is vested in the other party, including its officers, directors, shareholders and employees, may not exceed 20 percent. Further, the chief executive officer of either party may not serve on the governing board of the other party. Similarly, the two parties must not be members of the same controlled group or be related persons, as defined in certain provisions of federal tax law.

3. Cooperative Research Agreements. A cooperative research agreement with a private sponsor whereby the private party uses bond-financed facilities may cause a private business use problem. Nevertheless, such use of a bond-financed facility by a non-governmental person is to be disregarded for purposes of private business use if the arrangement is in one of the following forms. First, the arrangement may be disregarded if the sponsoring party is required to pay a competitive price for any license or other use of resulting technology, and such price must be determined at the time the technology is available. Second, an arrangement may also qualify if a four-part requirement is met: (1) multiple, unrelated industry sponsors must agree to fund university-performed basic research; (2) the university must determine the research to be performed and the manner in which it is to be performed; (3) the university must have exclusive title to any patent or other product incidentally resulting from the basic research; and (4) sponsors must be limited to no more than a nonexclusive, royalty-free license to use the product of any such research.

4. Output Contracts. In some circumstances, private business use arises by virtue of contractual arrangements in which a governmental unit agrees to sell the output from a bond-financed facility to a non-governmental person. If the non-governmental person is obligated to take the output or to pay for output even if not taken, then private business use will arise. This is because the benefits and burdens of the bond-financed facility are considered as inuring to the non-governmental purchaser. In addition to the general rule, output-type facilities, including electric and gas generation, transmission and related facilities (but not water facilities) are further limited in the amount of private business use which may be permitted. If more than 5 percent of the proceeds are used for output facilities and if more than 10 percent of the output is sold pursuant to an output arrangement, then the aggregate private business use which may result (for all bond issues) is \$15,000,000.

II. How Much Private Business Use is Too Much?

In general, there is too much private business use if an amount in excess of 10 percent of the proceeds of the bond issue are to be used, directly or indirectly, in a trade or business carried on by persons other than governmental units, and other than as members of the general public. All trade or business use by persons on a basis different than that of the general public is aggregated for the 10 percent limit. Private business use is measured on a facility or bond issue basis. On a facility basis, such use is generally measured by relative square footage, fair market rental value or the percentage of cost allocable to the private use. On a bond issue basis, the proceeds of the bond issue are allocated to private and governmental (or public) use of the facility to determine the amount of private business use over the term of the bond issue. Temporary use is not necessarily "bad" (i.e., private use) even though it results in more than 10 percent of the facility being so used. For example, if 100 percent of a facility is used for a period equal to five percent of the term of the bond such use may not adversely impact the bonds. The question is whether the benefits and burdens of ownership have transferred to the private user, as in the case of a sale, lease or management contract. If these benefits and burdens have not transferred, such use may be disregarded for purposes of private business use.

In addition, if the private use is considered "unrelated or disproportionate" to the governmental purpose for issuance of the bonds, the private business use test is met if the level of the prohibited private use rises to 5 percent. The "unrelated" question turns on the operational relationship between the private use and use for the governmental purpose. In most cases, a related use facility must be located within or adjacent to the related governmental facility, e.g., a privately-operated school cafeteria would be related to the school in which it is located. Whereas, the use of a bond-financed facility as an administrative office building for a catering company that operates cafeterias for a school system would not be a related use of bond proceeds. Nonetheless, even if a use is related, it is disproportionate to the extent that bond proceeds used for the private use will exceed proceeds used for the related governmental use.

III. When are the tests applied to analyze the qualification of a bond?

A bond is tested both (1) on the date of issue, and (2) over the term. The tests are applied to analyze the character of the bond on the date of issue, based on how the issuer expects to use the proceeds and the bond-financed property. This is known as the "reasonable expectations" standard. The tests also continuously are applied during the term of the bonds to determine whether there has been a deviation from those expectations. This is known as the "change of use" standard. When tested, bonds are viewed on an "issue-by-issue" basis. Generally, bonds secured by the same sources of funds are part of the same "issue" if they are sold within 15 days of one another.

IV. What is the reasonable expectations standard?

The reasonable expectations standard will be the basis on which McCall, Parkhurst & Horton L.L.P., as bond counsel, will render the federal income tax opinion on the bonds. The statement of expectations will be incorporated into the Federal Tax Certificate, previously referred to as the Federal Tax Certificate. The certificate also will contain information about the amounts to be expended on different types of property, e.g., land, buildings, equipment, in order to compute a weighted useful life of the bond-financed property. Based on the information on useful life, the maximum weighted average maturity of the bonds tested to ensure that is restricted to no more than 120 percent of the useful life of the property being financed or refinanced.

V. Change of Use Standard.

The disqualified private business use need not exist on the date of issue. Subsequent use by non-governmental persons also can cause a loss of tax-exemption. Post-issuance "change of use" of bond-financed facilities could result in the loss of the tax-exempt status of the bonds, unless certain elements exist which demonstrate the change was unforeseen. For this purpose, a change in use includes a failure to limit private business use subsequent to the date of issuance of the bonds. A reasonable expectation element requires that, as of the date of issue of the bonds, the governmental unit reasonably have expected to use the proceeds of the issue for qualified facilities for the entire term of the issue. To fall within the safe harbor rules which avoid loss of tax-exempt status the governmental unit must assure that no circumstances be present which indicate an attempt to avoid directly or indirectly the requirements of federal income tax law.

Finally, the safe harbor requires that the governmental unit take remedial action that would satisfy one of the following provisions: redemption of bonds; alternative use of disposition proceeds of a facility that is financed by governmental bonds; or, alternative use of a facility that is financed by governmental bonds. For purposes of the latter two remedial action provisions, the governmental unit has 90 days from the date of the change of use to satisfy the requirements. In addition, there is an exception for small transactions for dispositions at a loss.

VI. Written Procedures.

The Internal Revenue Service ("IRS") has initiated an active audit program intended to investigate the compliance of governmental issuers with the private activity bond rules described herein and the arbitrage rules described in the other memorandum provided to you by our firm. In connection with the expansion of this program, auditors and their supervisors have expressed the viewpoint that each governmental issuer should establish written procedures to assure continuing compliance. Moreover, the IRS is asking issuers to state in a bond issue's informational return (such as 8038-G) whether such procedures have been adopted. The federal tax certificate, together with the attached memoranda and bond covenants can be supplemented by standard written practices adopted by the executive officer or legislative bodies of the issuer. Accordingly, our firm is prepared to advise you with respect to additional practices which we believe would be beneficial in monitoring compliance and taking remedial action in cases of change in use. There is no standard uniform practice for all issuers to adopt because each issuer operates in unique fashion. However, if you wish us to assist you in developing practices which might assist you in complying with the viewpoints expressed by the IRS and its personnel, please contact your bond lawyer at McCall, Parkhurst & Horton LLP.

Disclosure Under IRS Circular 230: McCall Parkhurst & Horton LLP informs you that any tax advice contained in this memorandum, including any attachments, was not intended or written to be used, and cannot be used, for the purpose of avoiding federal tax

related penalties or promoting, marketing or recommending to another party any transaction or matter addressed herein.

Exhibit "C"

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June 28, 2012

Ms. Fiona Allen
Northern Region Manager
Trinity River Authority of Texas
5300 S. Collins
Arlington, Texas 76018

Re: Trinity River Authority of Texas
Regional Wastewater System Revenue Bonds, Series 2012

Dear Ms. Allen:

As you know, the Trinity River Authority of Texas (the "Issuer") will issue the captioned bonds in order to provide for the acquisition and construction of the project. As a result of that issuance, the federal income tax laws impose certain restrictions on the investment and expenditure of amounts to be used for the project or to be deposited to the interest and sinking fund and the reserve fund for the captioned bonds. The purpose of this letter is to set forth, in somewhat less technical language, those provisions of the tax law which require the timely use of bond proceeds and that investment of these amounts be at a yield which is not higher than the yield on the captioned bonds. For this purpose, please refer to line 21(e) of the Form 8038-G included in the transcript of proceedings for the yield on the captioned bonds. Please note that the Form 8038-G has been prepared based on the information provided by or on your behalf by your financial advisor. Accordingly, while we believe that the information is correct you may wish to have the yield confirmed before your rebate consultant or the paying agent attempt to rely on it.

Generally, the federal tax laws provide that, unless excepted, amounts to be used for the project or to be deposited to the interest and sinking fund and the reserve fund must be invested in obligations the combined yield on which does not exceed the yield on the bonds. Importantly, for purposes of administrative convenience, the bonds, however, have been structured in such a way as to avoid, for the most part, this restriction on investment yield. They also contain certain covenants relating to expenditures of proceeds designed to alert you to unintentional failures to comply with the laws affecting expenditures of proceeds and dispositions of property.

First, the sale and investment proceeds to be used for the new money project may be invested for up to three years without regard to yield. (Such amounts, however, may be subject to rebate.) Thereafter, they must be invested at or below the bond yield. Importantly, expenditure of these proceeds must be accounted in your books and records. Allocations of these expenditures must occur within 18 months of the later of the date paid or the date the project is completed. The foregoing notwithstanding, the allocation should not occur later than 60 days after the earlier of (1) of five years after the delivery date of the bonds or (2) the date the bonds are retired unless you obtain an opinion of bond counsel.

Second, the interest and sinking fund is made up of amounts which are received annually for the payment of current debt service on all the Issuer's outstanding bonds. Any taxes or revenues deposited to the interest and sinking fund which are to be used for the payment of current debt service on the captioned bonds, or any other outstanding bonds, are not subject to yield restriction. By definition, current debt service refers only to debt service to be paid within one year of the date of receipt of these amounts. For the most part, this would be debt service in the current fiscal year. These amounts deposited to the account for current debt service may be invested without regard to any constraint imposed by the federal income tax laws.

Third, a portion of the interest and sinking fund is permitted to be invested without regard to yield restriction as a "minor portion." The "minor portion" exception is available for de minimis amounts of taxes or revenues deposited to the interest and sinking fund. The maximum amount that may be invested as part of this account may not exceed the lesser of five percent of the principal amount of the bonds or \$100,000.

In addition, the reserve fund contains an amount, which although not expended for debt service within the current year, is necessary to ensure that amounts will be sufficient to pay debt service in the event that taxes or revenues are insufficient during that period. This amount represents a reserve against periodic fluctuations in the receipt of taxes and revenues. The Internal Revenue Code permits amounts which are held in reserve for the payment of debt service, in such instances, to be invested without regard to yield restriction if such amounts do not exceed the lesser of (1) 10 percent of the outstanding principal amount of all outstanding bonds, (2) maximum annual debt service on all outstanding bonds, or (3) 125 percent of average annual debt service on all outstanding bonds.

Accordingly, you should review the current balance in the interest and sinking fund and the reserve fund in order to determine if such balances exceed the aggregate amounts discussed above. Additionally, in the future it is important that you be aware of these restrictions as additional amounts are deposited to the funds. The amounts in these funds which are subject to yield restriction would only be the amounts which are in excess of, in the case of the interest and sinking fund, the sum of (1) the current debt service account and (2) the "minor portion" account and, in the case of the reserve fund, the amount which is the lesser of the three amounts described above. Moreover, to the extent that additional bonds are issued by the Issuer, whether for new money projects or for refunding, these amounts will change in their proportion.

The Resolution contains covenants that require the Issuer to comply with the requirements of the federal tax laws relating to the tax-exempt obligations. The Internal Revenue Service (the "Service") has determined that certain materials, records and information should be retained by the issuers of tax-exempt obligations for the purpose of enabling the Service to confirm the exclusion of the interest on such obligations under the Internal Revenue Code. **Accordingly, the Issuer should retain such materials, records and information for the period beginning on the issue date of the captioned bonds and ending at least three years after the date the captioned bonds are retired. Please note this federal tax law standard may vary from state law standards.**

The material, records and information required to be retained will generally be contained in the transcript of proceedings for the captioned bonds, however, the Issuer should collect and retain additional materials, records and information to ensure the continued compliance with federal tax law requirements. For example, beyond the transcript of proceedings for the bonds, the Issuer should keep schedules evidencing the expenditure of bond proceeds, documents relating to the use of bond-financed property by governmental and any private parties (e.g., leases and management contracts, if any) and schedules pertaining to the investment of bond proceeds. In the event that you have questions relating to record retention, please contact us.

The Service also wants some assurance that any failure to comply with the federal tax laws was not due to an issuer's intentional disregard or gross neglect of the responsibilities imposed on it by the federal tax laws.

Therefore, to ensure post-issuance compliance, an issuer should consider adopting formalized written guidelines to help the issuer perform diligence reviews at regular intervals. The goal is for issuers to be able to timely identify and resolve violations of the laws necessary to maintain their obligations' tax-favored status. While the federal tax certificate, together with its attachments, may generally provide a basic written guideline when incorporated in an organizations' operations, the extent to which an organization has appropriate written compliance procedures in place is to be determined on a case-by-case basis. Moreover, the Service has indicated that written procedures should identify the personnel that adopted the procedures, the personnel that is responsible for monitoring compliance, the frequency of compliance check activities, the nature of the compliance check activities undertaken, and the date such procedures were originally adopted and subsequently updated, if applicable. The Service has stated that the adoption of such procedures will be a favorable factor that the Service will consider when determining the amount of any penalty to be imposed on an issuer in the event of an unanticipated and non-curable failure to comply with the tax laws.

Finally, you should notice that the Resolution contains a covenant that limits the ability of the Issuer to sell or otherwise dispose of bond-financed property for compensation. Beginning for obligations issued after May 15, 1997 (including certain refunding bonds), or in cases in which an issuer elects to apply new private activity bond regulations, such sale or disposition causes the creation of a class of proceeds referred to as "disposition proceeds." Disposition proceeds, like sale proceeds and investment earnings, are tax-restricted funds. Failure to appropriately account, invest or expend such disposition proceeds would adversely affect the tax-exempt status of the bonds. In the event that you anticipate selling property, even in the ordinary course, please contact us.

Obviously, this letter only presents a fundamental discussion of the yield restriction rules as applied to amounts deposited to the funds. Moreover, this letter does not address the rebate consequences with respect to the interest and sinking fund and the reserve fund. You should review the memorandum attached to the Federal Tax Certificate as Exhibit "A" for this purpose. If you have certain concerns with respect to the matters discussed in this letter or wish to ask additional questions with regards to certain limitations imposed, please feel free to contact our firm. Thank you for your consideration and we look forward to our continued relationship.

Very truly yours,

McCALL, PARKHURST & HORTON L.L.P.

cc: G. Charles Kobdich

Exhibit "D"

SCHEDULES OF FINANCIAL ADVISOR

[To be attached hereto]

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Texas Water Development Board Revenue Bonds, Series 2012
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SOURCES AND USES OF FUNDS

**Trinity River Authority
Central Regional Wastewater System
Texas Water Development Board Revenue Bonds, Series 2012
AAA MMD Scale as of 6/21/2012 less 95 bps
Rates locked in as of 6/28/2012
Final**

**Dated Date 08/01/2012
Delivery Date 08/01/2012**

Sources:

Bond Proceeds:	
Par Amount	74,270,000.00
Net Original Issue Discount	-1,349,040.28
	<hr/>
	72,920,959.72

Uses:

Project Fund Deposits:	
Project Fund	69,230,971.60
 Other Fund Deposits:	
Capitalized Interest Fund (through 2/1/2014)	1,245,601.50
Debt Service Reserve Fund	<hr/>
	1,631,386.62
	2,876,988.12
 Delivery Date Expenses:	
Cost of Issuance	813,000.00
	<hr/>
	72,920,959.72

BOND PRICING

Trinity River Authority
Central Regional Wastewater System
Texas Water Development Board Revenue Bonds, Series 2012
AAA MMD Scale as of 6/21/2012 less 95 bps
Rates locked in as of 6/28/2012
****Final****

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Premium (-Discount)
Serial Bond:						
	08/01/2014	2,430,000		0.919%	98.1836	-44,138.52
	08/01/2015	2,555,000		0.612%	98.1836	-46,409.02
	08/01/2016	2,685,000		0.459%	98.1836	-48,770.34
	08/01/2017	2,815,000		0.367%	98.1836	-51,131.66
	08/01/2018	2,955,000	0.100%	0.407%	98.1836	-53,674.62
	08/01/2019	3,100,000	0.330%	0.595%	98.1836	-56,308.40
	08/01/2020	3,260,000	0.570%	0.805%	98.1836	-59,214.64
	08/01/2021	3,420,000	0.770%	0.981%	98.1836	-62,120.88
	08/01/2022	3,595,000	0.910%	1.102%	98.1836	-65,299.58
	08/01/2023	3,775,000	1.070%	1.247%	98.1836	-68,569.10
	08/01/2024	3,960,000	1.220%	1.385%	98.1836	-71,929.44
	08/01/2025	4,160,000	1.350%	1.504%	98.1836	-75,562.24
	08/01/2026	4,365,000	1.440%	1.585%	98.1836	-79,285.86
	08/01/2027	4,585,000	1.520%	1.657%	98.1836	-83,281.94
	08/01/2028	4,815,000	1.590%	1.720%	98.1836	-87,459.66
	08/01/2029	5,055,000	1.660%	1.784%	98.1836	-91,819.02
	08/01/2030	5,310,000	1.730%	1.849%	98.1836	-96,450.84
	08/01/2031	5,575,000	1.800%	1.914%	98.1836	-101,264.30
	08/01/2032	5,855,000	1.870%	1.980%	98.1836	-106,350.22
74,270,000						-1,349,040.28

Dated Date	08/01/2012	
Delivery Date	08/01/2012	
First Coupon	02/01/2013	
Par Amount	74,270,000.00	
Original Issue Discount	-1,349,040.28	
Production	72,920,959.72	98.183600%
Underwriter's Discount		
Purchase Price	72,920,959.72	98.183600%
Accrued Interest		
Net Proceeds	72,920,959.72	

FORM 8038 STATISTICS

Trinity River Authority
 Central Regional Wastewater System
 Texas Water Development Board Revenue Bonds, Series 2012
 AAA MMD Scale as of 6/21/2012 less 95 bps
 Rates locked in as of 6/28/2012
 Final

Dated Date 08/01/2012
 Delivery Date 08/01/2012

Bond Component	Date	Principal	Coupon	Price	Issue Price	Redemption at Maturity
Serial Bond:						
	08/01/2014	2,430,000.00	0.000%	98.184	2,385,861.48	2,430,000.00
	08/01/2015	2,555,000.00	0.000%	98.184	2,508,590.98	2,555,000.00
	08/01/2016	2,685,000.00	0.000%	98.184	2,636,229.66	2,685,000.00
	08/01/2017	2,815,000.00	0.000%	98.184	2,763,868.34	2,815,000.00
	08/01/2018	2,955,000.00	0.100%	98.184	2,901,325.38	2,955,000.00
	08/01/2019	3,100,000.00	0.330%	98.184	3,043,691.60	3,100,000.00
	08/01/2020	3,260,000.00	0.570%	98.184	3,200,785.36	3,260,000.00
	08/01/2021	3,420,000.00	0.770%	98.184	3,357,879.12	3,420,000.00
	08/01/2022	3,595,000.00	0.910%	98.184	3,529,700.42	3,595,000.00
	08/01/2023	3,775,000.00	1.070%	98.184	3,706,430.90	3,775,000.00
	08/01/2024	3,960,000.00	1.220%	98.184	3,888,070.56	3,960,000.00
	08/01/2025	4,160,000.00	1.350%	98.184	4,084,437.76	4,160,000.00
	08/01/2026	4,365,000.00	1.440%	98.184	4,285,714.14	4,365,000.00
	08/01/2027	4,585,000.00	1.520%	98.184	4,501,718.06	4,585,000.00
	08/01/2028	4,815,000.00	1.590%	98.184	4,727,540.34	4,815,000.00
	08/01/2029	5,055,000.00	1.660%	98.184	4,963,180.98	5,055,000.00
	08/01/2030	5,310,000.00	1.730%	98.184	5,213,549.16	5,310,000.00
	08/01/2031	5,575,000.00	1.800%	98.184	5,473,735.70	5,575,000.00
	08/01/2032	5,855,000.00	1.870%	98.184	5,748,649.78	5,855,000.00
		74,270,000.00			72,920,959.72	74,270,000.00

	Maturity Date	Interest Rate	Issue Price	Stated Redemption at Maturity	Weighted Average Maturity	Yield
Final Maturity	08/01/2032	1.870%	5,748,649.78	5,855,000.00		
Entire Issue			72,920,959.72	74,270,000.00	12.4434	1.5412%

Proceeds used for accrued interest	0.00
Proceeds used for bond issuance costs (including underwriters' discount)	813,000.00
Proceeds used for credit enhancement	0.00
Proceeds allocated to reasonably required reserve or replacement fund	1,631,386.62

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Exhibit "E"

CERTIFICATE OF ELECTION PURSUANT TO SECTION 148(f)(4)(C)
OF THE INTERNAL REVENUE CODE OF 1986

I, the undersigned, being the duly authorized representative of the Trinity River Authority of Texas (the "Issuer") hereby state that the Issuer elects the provisions of section 148(f)(4)(C) of the Internal Revenue Code of 1986 (the "Code"), relating to the exception to arbitrage rebate for temporary investments, as more specifically designated below, with respect to the Issuer's Regional Wastewater System Revenue Bonds, Series 2012 (the "Bonds") which are being issued on the date of delivery of the Bonds. The CUSIP Number for the Bonds is stated on the Form 8038-G filed in connection with the Bonds. The Issuer intends to take action to comply with the two-year temporary investments exception to rebate afforded construction bonds under section 148(f)(4)(C) of the Code or any of the other exceptions available to the Issuer in accordance with section 1.148-7 of the Treasury Regulations. Capitalized terms have the same meaning as defined in the Federal Tax Certificate.

- ☐ 1. **PENALTY ELECTION.** In the event that the Issuer should fail to expend the "available construction proceeds" of the Bonds in accordance with the provisions of section 148(f)(4)(C) of the Code, the Issuer elects, in lieu of rebate, the penalty provisions of section 148(f)(4)(C)(vii)(I) of the Code.
- ☐ 2. **RESERVE FUND ELECTION.** The Issuer elects to exclude from "available construction proceeds," within the meaning of section 148(f)(4)(C)(vi) of the Code, of the Bonds, earnings on the Reserve Fund in accordance with section 148(f)(4)(C)(vi)(IV) of the Code.
- ☐ 3. **MULTIPURPOSE ELECTION.** The Issuer elects to treat that portion of the Bonds the proceeds of which are to be used for the payment of expenditures for construction, reconstruction or rehabilitation of the Projects, as defined in the instrument authorizing the issuance of the Bonds, in an amount which is currently expected to be equal to \$_____ as a separate issue in accordance with the provisions of section 148(f)(4)(C)(v)(II) of the Code. *(Note: This election is not necessary unless less than 75 percent of the proceeds of the Bonds will be used for construction, reconstruction or renovation.)*
- ☐ 4. **ACTUAL FACTS.** For purposes of determining compliance with section 148(f)(c) of the Code (other than qualification of the Bonds as a qualified construction issue), the Issuer elects to use actual facts rather than reasonable expectations.
- ☒ 5. **NO ELECTION.** The Issuer understands that the elections which are adopted as evidenced by the check in the box adjacent to the applicable provision are **irrevocable**. Further, the Issuer understands that qualification of the Bonds for eligibility for the exclusion from the rebate requirement set forth in section 148(f) of the Code is based on subsequent events and is unaffected by the Issuer's expectations of such events as of the date of delivery of the Bonds. **Accordingly, while failure to execute this certificate and to designate the intended election does not preclude qualification, it would preclude the Issuer from the relief afforded by such election.**

DATED: August 1, 2012.


General Manager
Trinity River Authority of Texas
5300 S. Collins
Arlington, Texas 76018
Employer I.D. Number: 75-6005084

TAB 14

CLOSING CERTIFICATE

THE STATE OF TEXAS
TRINITY RIVER AUTHORITY OF TEXAS

I, the undersigned General Manager of said Authority, hereby certify as follows:

1. That this certificate is executed for and on behalf of said Authority with reference to the issuance and delivery of the TRINITY RIVER AUTHORITY OF TEXAS REGIONAL WASTEWATER SYSTEM REVENUE BONDS, SERIES 2012, DATED JULY 15, 2012, authorized by a resolution adopted by the Board of Directors of the Issuer on June 27, 2012 (the "Bonds").

2. That, to my best knowledge and belief:

(a) the descriptions and statements of or pertaining to the Authority contained in its Application to the Texas Water Development Board and any addenda, supplement or amendment thereto, for the Bonds, on the date of such Application, on the date of sale of said Bonds, and on the date of the delivery, were and are true and correct in all material respects;


(b) insofar as the Authority and its affairs, including its financial affairs, are concerned, such Application did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(c) insofar as the descriptions and statements, including financial data, of or pertaining to entities other than the Authority and their activities contained in such Application are concerned, such statements and data have been obtained from sources which the Authority believes to be reliable and that the Authority has no reason to believe that they are untrue in any material respect.

[The balance of this page is intentionally left blank.]

SIGNED this AUG 01 2012

TRINITY RIVER AUTHORITY OF TEXAS



General Manager

TAB 15

PAYING AGENT/REGISTRAR AGREEMENT

THIS AGREEMENT entered into as of July 15, 2012 (this "Agreement"), by and between Trinity River Authority of Texas (the "Issuer"), and The Bank of New York Mellon Trust Company, National Association (the "Bank").

RECITALS

WHEREAS, the Issuer has duly authorized and provided for the issuance of its Regional Wastewater System Revenue Bonds, Series 2012 (the "Securities"), such Securities to be issued in fully registered form only as to the payment of principal and interest thereon; and

WHEREAS, the Issuer has selected the Bank to serve as Paying Agent/Registrar in connection with the payment of the principal of, premium, if any, and interest on said Securities and with respect to the registration, transfer, and exchange thereof by the registered owners thereof; and

WHEREAS, the Bank has agreed to serve in such capacities for and on behalf of the Issuer and has full power and authority to perform and serve as Paying Agent/Registrar for the Securities;

NOW, THEREFORE, it is mutually agreed as follows:

ARTICLE ONE

APPOINTMENT OF BANK AS PAYING AGENT AND REGISTRAR

Section 1.01. Appointment.

The Issuer hereby appoints the Bank to serve as Paying Agent with respect to the Securities. As Paying Agent for the Securities, the Bank shall be responsible for paying on behalf of the Issuer the principal, premium (if any), and interest on the Securities as the same become due and payable to the registered owners thereof, all in accordance with this Agreement and the "Order" (hereinafter defined).

The Issuer hereby appoints the Bank as Registrar with respect to the Securities. As Registrar for the Securities, the Bank shall keep and maintain for and on behalf of the Issuer books and records as to the ownership of said Securities and with respect to the transfer and exchange thereof as provided herein and in the "Order."

The Bank hereby accepts its appointment, and agrees to serve as the Paying Agent and Registrar for the Securities.

Section 1.02. Compensation.

As compensation for the Bank's services as Paying Agent/Registrar, the Issuer hereby agrees to pay the Bank the fees and amounts set forth in Schedule A attached hereto for the first year of this Agreement and thereafter the fees and amounts set forth in the Bank's current fee schedule then in effect for services as Paying Agent/Registrar for municipalities, which shall be supplied to the Issuer on or before 90 days prior to the close of the Fiscal Year of the Issuer, and shall be effective upon the first day of the following Fiscal Year.

In addition, the Issuer agrees to reimburse the Bank upon its request for all reasonable expenses, disbursements, and advances incurred or made by the Bank in accordance with any of the provisions hereof (including the reasonable compensation and the expenses and disbursements of its agents and counsel).

ARTICLE TWO DEFINITIONS

Section 2.01. Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

"Acceleration Date" on any Security means the date on and after which the principal or any or all installments of interest, or both, are due and payable on any Security which has become accelerated pursuant to the terms of the Security.

"Bank Office" means the principal corporate trust office of the Bank as indicated on the signature page hereof. The Bank will notify the Issuer in writing of any change in location of the Bank Office.

"Financial Advisor" means First Southwest Company.

"Fiscal Year" means the fiscal year of the Issuer, ending November 30.

"Holder" and "Security Holder" each means the Person in whose name a Security is registered in the Security Register.

"Issuer Request" and "Issuer Order" means a written request or order signed in the name of the Issuer by the President of the Board of Trustees of the Issuer, any one or more of said officials, delivered to the Bank.

"Legal Holiday" means a day on which the Bank is required or authorized to be closed.

"Order" means the order, ordinance, or resolution of the governing body of the Issuer pursuant to which the Securities are issued, certified by the Secretary of the Board of Trustees or any other officer of the Issuer and delivered to the Bank.

"Person" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization, or government, or any agency or political subdivision of a government.

"Predecessor Securities" of any particular Security means every previous Security evidencing all or a portion of the same obligation as that evidenced by such particular Security (and, for the purposes of this definition, any mutilated, lost, destroyed, or stolen Security for which a replacement Security has been registered and delivered in lieu thereof pursuant to Section 4.06 hereof and the Order).

"Record Date" means the last business day of the month next preceding payment.

"Redemption Date" when used with respect to any Bond to be redeemed means the date fixed for such redemption pursuant to the terms of the Order.

"Responsible Officer" when used with respect to the Bank means the Chairman or Vice-Chairman of the Board of Directors, the Chairman or Vice-Chairman of the Executive Committee of the Board of Directors, the President, any Vice President, the Secretary, any Assistant Secretary, the Treasurer, any Assistant Treasurer, the Cashier, any Assistant Cashier, any Trust Officer or Assistant Trust Officer, or any other officer of the Bank customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

"Security Register" means a register maintained by the Bank on behalf of the Issuer providing for the registration and transfer of the Securities.

"Stated Maturity" means the date specified in the Order the principal of a Security is scheduled to be due and payable.

Section 2.02. Other Definitions.

The terms "Bank," "Issuer" and "Securities (Security)" have the meanings assigned to them in the recital paragraphs of this Agreement.

The term "Paying Agent/Registrar" refers to the Bank in the performance of the duties and functions of this Agreement.

ARTICLE THREE PAYING AGENT

Section 3.01. Duties of Paying Agent.

As Paying Agent, the Bank shall, provided adequate collected funds have been provided to it for such purpose by or on behalf of the Issuer, pay on behalf of the Issuer the principal of each Security at its Stated Maturity, Redemption Date, or Acceleration Date, to the Holder upon surrender of the Security to the Bank at the Bank Office.

As Paying Agent, the Bank shall, provided adequate collected funds have been provided to it for such purpose by or on behalf of the Issuer, pay on behalf of the Issuer the interest on each Security when due, by computing the amount of interest to be paid each Holder and preparing and sending checks by United States mail, first-class postage prepaid, on each payment date, to the Holders of the Securities (or their Predecessor Securities) on the respective Record Date, to the address appearing on the Security Register or by such other method, acceptable to the Bank, requested in writing by the Holder at the Holder's risk and expense.

Section 3.02. Payment Dates.

The Issuer hereby instructs the Bank to pay the principal of and interest on the Securities on the dates specified in the Order.

Section 3.03. Reporting Requirements.

To the extent required by the Code or the Treasury Regulations, the Bank shall report to the Holders and the Internal Revenue Service the amount of interest paid or the amount treated as interest accrued on the Bonds which is required to be reported by the Holders on their returns of federal income tax.

ARTICLE FOUR REGISTRAR

Section 4.01. Security Register - Transfers and Exchanges.

The Bank agrees to keep and maintain for and on behalf of the Issuer at the Bank Office books and records (herein sometimes referred to as the "Security Register") and, if the Bank Office is located outside the State of Texas, a copy of such books and records shall be kept in the State of Texas, for recording the names and addresses of the Holders of the Securities, the transfer, exchange, and replacement of the Securities and the payment of the principal of and interest on the Securities to the Holders and containing such other information as may be reasonably required by the Issuer and subject to such reasonable regulations as the Issuer and the Bank may prescribe. All transfers, exchanges, and replacement of Securities shall be noted in the Security Register.

Every Security surrendered for transfer or exchange shall be duly endorsed or be accompanied by a written instrument of transfer, the signature on which has been guaranteed by an officer of a federal or state bank or a member of the National Association of Securities Dealers, in form satisfactory to the Bank, duly executed by the Holder thereof or his agent duly authorized in writing.

The Bank may request any supporting documentation it feels necessary to effect a re-registration, transfer, or exchange of the Securities.

To the extent possible and under reasonable circumstances, the Bank agrees that, in relation to an exchange or transfer of Securities, the exchange or transfer by the Holders thereof will be completed and new Securities delivered to the Holder or the assignee of the Holder in not more than three (3) business days after the receipt of the Securities to be cancelled in an exchange or transfer and the written instrument of transfer or request for exchange duly executed by the Holder, or his duly authorized agent, in form and manner satisfactory to the Paying Agent/Registrar.

Section 4.02. Certificates.

The Issuer shall provide an adequate inventory of printed Securities to facilitate transfers or exchanges thereof. The Bank covenants that the inventory of printed Securities will be kept in safekeeping pending their use, and reasonable care will be exercised by the Bank in maintaining such Securities in safekeeping, which shall be not less than the care maintained by the Bank for debt securities of other political subdivisions or corporations for which it serves as registrar, or that is maintained for its own securities.

Section 4.03. Form of Security Register.

The Bank, as Registrar, will maintain the Security Register relating to the registration, payment, transfer and exchange of the Securities in accordance with the Bank's general practices and procedures in effect from time to time. The Bank shall not be obligated to maintain such Security Register in any form other than those which the Bank has currently available and currently utilizes at the time.

The Security Register may be maintained in written form or in any other form capable of being converted into written form within a reasonable time.

Section 4.04. List of Security Holders.

The Bank will provide the Issuer at any time requested by the Issuer, upon payment of the required fee, a copy of the information contained in the Security Register. The Issuer may also inspect the information contained in the Security Register at any time the Bank is customarily open for business, provided that reasonable time is allowed the Bank to provide an up-to-date listing or to convert the information into written form.

The Bank will not release or disclose the contents of the Security Register to any person other than to, or at the written request of, an authorized officer or employee of the Issuer, except upon receipt of a court order or as otherwise required by law. Upon receipt of a court order and prior to the release or disclosure of the contents of the Security Register, the Bank will notify the Issuer so that the Issuer may contest the court order or such release or disclosure of the contents of the Security Register.

Section 4.05. Cancellation of Certificates.

All certificates surrendered to the Bank, at the designated Payment/Transfer Office, for payment, redemption, transfer or replacement, shall be promptly cancelled by the Bank. The Bank will provide to the Issuer, at reasonable intervals determined by it, a certificate evidencing the destruction of cancelled certificates.

Section 4.06. Mutilated, Destroyed, Lost, or Stolen Securities.

The Issuer hereby instructs the Bank, subject to the applicable provisions of the Order, to deliver and issue Securities in exchange for or in lieu of mutilated, destroyed, lost, or stolen Securities as long as the same does not result in an overissuance.

In case any Security shall be mutilated, or destroyed, lost, or stolen, the Bank, in its discretion, may execute and deliver a replacement Security of like form and tenor, and in the same denomination and bearing a number not contemporaneously outstanding, in exchange and substitution for such mutilated Security, or in lieu of and in substitution for such destroyed lost or stolen Security, only after (I) the filing by the Holder thereof with the Bank of evidence satisfactory to the Bank of the destruction, loss or theft of such Security, and of the authenticity of the ownership thereof and (ii) the furnishing to the Bank of indemnification in an amount satisfactory to hold the Issuer and the Bank harmless. All expenses and charges associated with such indemnity and with the preparation, execution and delivery of a replacement Security shall be borne by the Holder of the Security mutilated, or destroyed, lost or stolen.

Section 4.07. Transaction Information to Issuer.

The Bank will, within a reasonable time after receipt of written request from the Issuer, furnish the Issuer information as to the Securities it has paid pursuant to Section 3.01, Securities it has delivered upon the transfer or exchange of any Securities pursuant to Section 4.01, and Securities it has delivered in exchange for or in lieu of mutilated, destroyed, lost, or stolen Securities pursuant to Section 4.06.

ARTICLE FIVE THE BANK

Section 5.01. Duties of Bank.

The Bank undertakes to perform the duties set forth herein and agrees to use reasonable care in the performance thereof.

The Bank is also authorized to transfer funds relating to the closing and initial delivery of the securities in the manner disclosed in the closing memorandum approved by the Issuer as prepared by the Issuer's financial advisor or other agent. The Bank may act on a facsimile or e-mail transmission of the closing memorandum acknowledged by the financial advisor or the Issuer as the final closing memorandum. The Bank shall not be liable for any losses, costs or expenses arising directly or indirectly from the Bank's reliance upon and compliance with such instructions.

Section 5.02. Reliance on Documents, Etc.

(a) The Bank may conclusively rely, as to the truth of the statements and correctness of the opinions expressed therein, on certificates or opinions furnished to the Bank.

(b) The Bank shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Bank was negligent in ascertaining the pertinent facts.

© No provisions of this Agreement shall require the Bank to expend or risk its own funds or otherwise incur any financial liability for performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity satisfactory to it against such risks or liability is not assured to it.

(d) The Bank may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. Without limiting the generality of the foregoing statement, the Bank need not examine the ownership of any Securities, but is protected in acting upon receipt of Securities containing an endorsement or instruction of transfer or power of transfer executed in accordance with Section 4.01 hereof, which appears on its face to be signed by the Holder or an agent of the Holder. The Bank shall not be bound to make any investigation into the facts or matters stated in a resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security, or other paper or document supplied by Issuer.

(e) The Bank may consult with counsel, and the written advice of such counsel or any opinion of counsel shall be full and complete authorization and protection with respect to any action taken, suffered, or omitted by it hereunder in good faith and in reliance thereon.

(f) The Bank may exercise any of the powers hereunder and perform any duties hereunder either directly or by or through agents or attorneys of the Bank.

Section 5.03. Recitals of Issuer.

The recitals contained herein with respect to the Issuer and in the Securities shall be taken as the statements of the Issuer, and the Bank assumes no responsibility for their correctness.

The Bank shall in no event be liable to the Issuer, any Holder or Holders of any Security, or any other Person for any amount due on any Security from its own funds.

Section 5.04. May Hold Securities.

The Bank, in its individual or any other capacity, may become the owner or pledgee of Securities and may otherwise deal with the Issuer with the same rights it would have if it were not the Paying Agent/Registrar, or any other agent.

Section 5.05. Moneys Held by Bank.

The Bank shall deposit any moneys received from the Issuer into a trust account to be held in a fiduciary capacity for the payment of the Securities, with such moneys in the account that exceed the deposit insurance available to the Issuer by the Federal Deposit Insurance Corporation, to be fully collateralized with securities or obligations that are eligible under the laws of the State of Texas to secure and be pledged as collateral for trust accounts until the principal and interest on such securities have been presented for payment and paid to the owner thereof. Payments made from such trust account shall be made by check drawn on such trust account unless the owner of such Securities shall, at its own expense and risk, request such other medium of payment.

Subject to the Unclaimed Property Law of the State of Texas, any money deposited with the Bank for the payment of the principal, premium (if any), or interest on any Security and remaining unclaimed for three years after the final maturity of the Security has become due and payable will be paid by the Bank to the Issuer if the Issuer so elects, and the Holder of such Security shall hereafter look only to the Issuer for payment thereof, and all liability of the Bank with respect to such monies shall thereupon cease. If the Issuer does not elect, the Bank is directed to report and dispose of the funds in compliance with Title Six of the Texas Property Code, as amended.

Section 5.06. Indemnification.

To the extent permitted by law, the Issuer agrees to indemnify the Bank, its directors, officers, and employees, and hold it harmless against, any loss, liability, or expense incurred without negligence or bad faith on its part, arising out of or in connection with its acceptance or administration of its duties hereunder, including the cost and expense against any claim or liability in connection with the exercise or performance of any of its powers or duties under this Agreement.

Section 5.07. Interpleader.

The Issuer and the Bank agree that the Bank may seek adjudication of any adverse claim, demand, or controversy over its person as well as funds on deposit, in either a Federal or State District Court located in the State and County where the administrative offices of the Issuer is located, and agree that service of process by certified or registered mail, return receipt requested, to the address referred to in Section 6.03 of this Agreement shall constitute adequate service. The Issuer and the Bank further agree that the Bank has the right to file a Bill of Interpleader in any court of competent jurisdiction within the State of Texas to determine the rights of any Person claiming any interest herein.

Section 5.08. Depository Trust Company Services.

It is hereby represented and warranted that, in the event the Securities are otherwise qualified and accepted for "Depository Trust Company" services or equivalent depository trust services by other organizations, the Bank has the capability and, to the extent within its control, will comply with the "Operational Arrangements," effective August 1, 1987, which establishes requirements for securities to be eligible for such type depository trust services, including, but not limited to, requirements for the timeliness of payments and funds availability, transfer turnaround time, and notification of redemptions and calls.

**ARTICLE SIX
MISCELLANEOUS PROVISIONS**

Section 6.01. Amendment.

This Agreement may be amended only by an agreement in writing signed by both of the parties hereto.

Section 6.02. Assignment.

This Agreement may not be assigned by either party without the prior written consent of the other.

Section 6.03. Notices.

Any request, demand, authorization, direction, notice, consent, waiver, or other document provided or permitted hereby to be given or furnished to the Issuer or the Bank shall be mailed or delivered to the Issuer or the Bank, respectively, at the addresses shown on the signature page of this Agreement.

Section 6.04. Effect of Headings.

The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

Section 6.05. Successors and Assigns.

All covenants and agreements herein by the Issuer and the Bank shall bind their respective successors and assigns, whether so expressed or not.

Section 6.06. Merger, Conversion, Consolidation, or Succession.

Any corporation into which the Paying Agent may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Paying Agent shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Bank shall be the successor of the Paying Agent hereunder without the execution or filing of any paper or any further act on the part of either of the parties hereto, provided that the successor or resulting corporation is a bank, trust company, financial institution or other agency competent and legally qualified to act as Paying Agent/Registrar under this Agreement and the Order. The Paying Agent shall provide immediate notice to the Issuer of any such pending merger, conversion, consolidation or of any such pending transfer to a successor corporation.

Section 6.07. Severability.

In case any provision herein shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 6.08. Benefits of Agreement.

Nothing herein, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, any benefit or any legal or equitable right, remedy, or claim hereunder.

Section 6.09. Entire Agreement.

This Agreement and the Order constitute the entire agreement between the parties hereto relative to the Bank acting as Paying Agent/Registrar and if any conflict exists between this Agreement and the Order, the Order shall govern.

Section 6.10. Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which shall constitute one and the same Agreement.

Section 6.11. Termination.

This Agreement will terminate (i) on the date of final payment of the principal of and interest on the Securities to the Holders thereof or (ii) may be earlier terminated by either party upon sixty (60) days written notice; provided, however, an early termination of this Agreement by either party shall not be effective until (a) a successor Paying Agent/Registrar has been appointed by the Issuer and such appointment accepted and (b) notice has been given to the Holders of the Securities of the appointment of a successor Paying Agent/Registrar. If the 60-day notice period expires and no successor has been appointed, the Bank, at the expense of the Issuer, has the right to petition a court of competent jurisdiction to appoint a successor under the Agreement. Furthermore, the Bank and Issuer mutually agree that the effective date of an early termination of this Agreement shall not occur at any time which would disrupt, delay or otherwise adversely affect the payment of the Securities.

Upon an early termination of this Agreement, the Bank agrees to promptly transfer and deliver the Security Register (or a copy thereof), together with other pertinent books and records relating to the Securities, to the successor Paying Agent/Registrar designated and appointed by the Issuer.

The provisions of Section 1.02 and of Article Five shall survive and remain in full force and effect following the termination of this Agreement.

Section 6.12. Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the State of Texas.


IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

THE BANK OF NEW YORK MELLON TRUST COMPANY,
NATIONAL ASSOCIATION

By 
Title Vice President

2001 Bryan Street, 11th Floor, Dallas, Texas 75201

TRINITY RIVER AUTHORITY OF TEXAS

By 
General Manager

5300 S. Collins, Arlington, Texas 76018

SCHEDULE A

**Paying Agent/Registrar Fee Schedule
[To be supplied by the Bank]**



Fee Schedule

Trinity River Authority of Texas Regional Wastewater System Revenue Bonds Series 2012

Acceptance Fee

None

A one-time charge covering the Bank Officer's review of governing documents, communication with members of the closing party, including representatives of the issuer, investment banker(s) and attorney(s), establishment of procedures and controls, set-up of trust accounts and tickler suspense items and the receipt and disbursement/investment of bond proceeds. This fee is payable on the closing date.

Annual Paying Agent Administration Fee

\$500

An annual charge covering the normal paying agent duties related to account administration and bondholder services. Our pricing is based on the assumption that the bonds are DTC-eligible/book-entry only. If the bonds are certificated or physical, then we will have to charge an additional \$1000 per year as a paying agent. This fee is payable annually, in advance.

Extraordinary Services/Misc Fees

At Appraisal

The charges for performing extraordinary or other services not contemplated at the time of the execution of the transaction or not specifically covered elsewhere in this schedule will be commensurate with the service to be provided and may be charged in BNY Mellon's sole discretion. If it is contemplated that the Trustee hold and/or value collateral or enter into any investment contract, forward purchase or similar or other agreement, additional acceptance, administration and counsel review fees will be applicable to the agreement governing such services. If the bonds are converted to certificated form, additional annual fees will be charged for any applicable tender agent and/or registrar/paying agent services. Additional information will be provided at such time. Should this transaction terminate prior to closing, all out-of-pocket expenses incurred, including legal fees, will be billed at cost. If all outstanding bonds of a series are defeased or called in full prior to their maturity, a termination fee may be assessed at that time.

These extraordinary services may include, but are not limited to, supplemental agreements, consent operations, unusual releases, tender processing, sinking fund redemptions, failed remarketing processing, the preparation of special or interim reports, custody of collateral, a one-time fee to be charged upon termination of an engagement. Counsel, accountants, special agents and others will be charged at the actual amount of fees and expenses billed, UCC filing fees, money market sweep fees, auditor confirmation fees, wire transfer fees, transaction fees to settle third-party trades and reconciliation fees to balance trust account balances to third-party investment provider statements

Annual fees include one standard audit confirmation per year without charge. Standard audit confirmations include the final maturity date, principal paid, principal outstanding, interest cycle, interest paid, cash and asset information, interest rate, and asset statement information. Non-standard audit confirmation requests may be assessed an additional fee. Periodic tenders, sinking fund, optional or extraordinary call redemptions will be assessed at \$300 per event. FDIC or other governmental charges will be passed along to you as incurred.



Terms and Disclosures

Terms of Proposal

Final acceptance of the appointment under the Indenture is subject to approval of authorized officers of BNYM and full review and execution of all documentation related hereto. Please note that if this transaction does not close, you will be responsible for paying any expenses incurred, including Counsel Fees. We reserve the right to terminate this offer if we do not enter into final written documents within three months from the date this document is first transmitted to you. Fees may be subject to adjustment during the life of the engagement.

Customer Notice Required by the USA Patriot Act

To help the US government fight the funding of terrorism and money laundering activities, US Federal law requires all financial institutions to obtain, verify, and record information that identifies each person (whether an individual or organization) for which a relationship is established.

What this means to you: When you establish a relationship with BNYM, we will ask you to provide certain information (and documents) that will help us to identify you. We will ask for your organization's name, physical address, tax identification or other government registration number and other information that will help us to identify you. We may also ask for a Certificate of Incorporation or similar document or other pertinent identifying documentation for your type of organization.

We thank you for your assistance.

TAB 16



500 North Akard Street
Lincoln Plaza, Suite 3200
Dallas, TX 75201
tel (214) 871-1400
reference no.: 1219652

June 26, 2012

Trinity River Authority of Texas
5300 S. Collins
P.O. Box 240 (76004)
Arlington, TX 76018
Attention: Ms. Fiona M. Allen, Regional Manager

Re: *US\$74,270,000 Trinity River Authority, Texas Water Development Board Revenue Bonds, (Central Regional Wastewater System), Series 2012, dated: Date of delivery, due: August 1, 2032*

Dear Ms. Allen:

Pursuant to your request for a Standard & Poor's rating on the above-referenced issuer, we have reviewed the information submitted to us and, subject to the enclosed *Terms and Conditions*, have assigned a rating of "AAA". Standard & Poor's views the outlook for this rating as stable. A copy of the rationale supporting the rating is enclosed.

The rating is not investment, financial, or other advice and you should not and cannot rely upon the rating as such. The rating is based on information supplied to us by you or by your agents but does not represent an audit. We undertake no duty of due diligence or independent verification of any information. The assignment of a rating does not create a fiduciary relationship between us and you or between us and other recipients of the rating. We have not consented to and will not consent to being named an "expert" under the applicable securities laws, including without limitation, Section 7 of the Securities Act of 1933. The rating is not a "market rating" nor is it a recommendation to buy, hold, or sell the obligations.

This letter constitutes Standard & Poor's permission to you to disseminate the above-assigned rating to interested parties. Standard & Poor's reserves the right to inform its own clients, subscribers, and the public of the rating.

Standard & Poor's relies on the issuer/obligor and its counsel, accountants, and other experts for the accuracy and completeness of the information submitted in connection with the rating. This rating is based on financial information and documents we received prior to the issuance of this letter. Standard & Poor's assumes that the documents you have provided to us are final. If any subsequent changes were made in the final documents, you must notify us of such changes by sending us the revised final documents with the changes clearly marked.

The Standard & Poor's logo, which is a circular emblem containing a crown and the words "STANDARD & POOR'S".

Page | 2

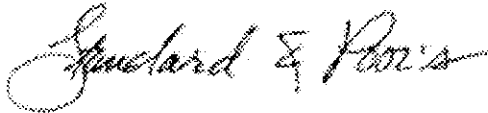
To maintain the rating, Standard & Poor's must receive all relevant financial information as soon as such information is available. Placing us on a distribution list for this information would facilitate the process. You must promptly notify us of all material changes in the financial information and the documents. Standard & Poor's may change, suspend, withdraw, or place on CreditWatch the rating as a result of changes in, or unavailability of, such information. Standard & Poor's reserves the right to request additional information if necessary to maintain the rating.

Please send all information to:

Standard & Poor's Ratings Services
Public Finance Department
55 Water Street
New York, NY 10041-0003

Standard & Poor's is pleased to be of service to you. For more information on Standard & Poor's, please visit our website at www.standardandpoors.com. If we can be of help in any other way, please call or contact us at nypublicfinance@standardandpoors.com. Thank you for choosing Standard & Poor's and we look forward to working with you again.

Sincerely yours,



Standard & Poor's Ratings Services
a Standard & Poor's Financial Services LLC business.

th
enclosures

cc: Ms. Darlene Snodgrass, Administrative Assistant
First Southwest Company





Standard & Poor's Ratings Services Terms and Conditions Applicable To Public Finance Ratings

You understand and agree that:

General. The ratings and other views of Standard & Poor's Ratings Services ("Ratings Services") are statements of opinion and not statements of fact. A rating is not a recommendation to purchase, hold, or sell any securities nor does it comment on market price, marketability, investor preference or suitability of any security. While Ratings Services bases its ratings and other views on information provided by issuers and their agents and advisors, and other information from sources it believes to be reliable, Ratings Services does not perform an audit, and undertakes no duty of due diligence or independent verification, of any information it receives. Such information and Ratings Services' opinions should not be relied upon in making any investment decision. Ratings Services does not act as a "fiduciary" or an investment advisor. Ratings Services neither recommends nor will recommend how an issuer can or should achieve a particular rating outcome nor provides or will provide consulting, advisory, financial or structuring advice.

All Rating Actions in Ratings Services' Sole Discretion. Ratings Services may assign, raise, lower, suspend, place on CreditWatch, or withdraw a rating, and assign or revise an Outlook, at any time, in Ratings Services' sole discretion. Ratings Services may take any of the foregoing actions notwithstanding any request for a confidential or private rating or a withdrawal of a rating, or termination of this Agreement. Ratings Services will not convert a public rating to a confidential or private rating, or a private rating to a confidential rating.

Publication. Ratings Services reserves the right to use, publish, disseminate, or license others to use, publish or disseminate the rating provided hereunder and any analytical reports, including the rationale for the rating, unless you specifically request in connection with the initial rating that the rating be assigned and maintained on a confidential or private basis. If, however, a confidential or private rating or the existence of a confidential or private rating subsequently becomes public through disclosure other than by an act of Ratings Services or its affiliates, Ratings Services reserves the right to treat the rating as a public rating, including, without limitation, publishing the rating and any related analytical reports. Any analytical reports published by Ratings Services are not issued by or on behalf of you or at your request. Notwithstanding anything to the contrary herein, Ratings Services reserves the right to use, publish, disseminate or license others to use, publish or disseminate analytical reports with respect to public ratings that have been withdrawn, regardless of the reason for such withdrawal. Ratings Services may publish explanations of Ratings Services' ratings criteria from time to time and nothing in this Agreement shall be construed as limiting Ratings Services' ability to modify or refine its ratings criteria at any time as Ratings Services deems appropriate.

Information to be Provided by You. For so long as this Agreement is in effect, in connection with the rating provided hereunder, you warrant that you will provide, or cause to be provided, as promptly as practicable, to Ratings Services all information requested by Ratings Services in accordance with its applicable published ratings criteria. The rating, and the maintenance of the rating, may be affected by Ratings Services' opinion of the information received from you or your agents or advisors. You further warrant that all information provided to Ratings Services by you or your agents or advisors regarding the rating or, if applicable, surveillance of the rating, as of the date such information is provided, (i) is true, accurate and complete in all material respects and, in light of the circumstances in which it was provided, not misleading and (ii) does not infringe or violate the intellectual property rights of a third party. A material breach of the warranties in this paragraph shall constitute a material breach of this Agreement.

Confidential Information. For purposes of this Agreement, "Confidential Information" shall mean verbal or written information that you or your agents or advisors have provided to Ratings Services and, in a specific and particularized manner, have marked or otherwise indicated in writing (either prior to or promptly following such disclosure) that such information is "Confidential". Notwithstanding the foregoing, information disclosed by you or your agents or advisors

to Ratings Services shall not be deemed to be Confidential Information, and Ratings Services shall have no obligation to treat such information as Confidential Information, if such information (i) was known by Ratings Services or its affiliates at the time of such disclosure and was not known by Ratings Services to be subject to a prohibition on disclosure, (ii) was known to the public at the time of such disclosure, (iii) becomes known to the public (other than by an act of Ratings Services or its affiliates) subsequent to such disclosure, (iv) is disclosed to Ratings Services or its affiliates by a third party subsequent to such disclosure and Ratings Services reasonably believes that such third party's disclosure to Ratings Services or its affiliates was not prohibited, (v) is developed independently by Ratings Services or its affiliates without reference to the Confidential Information, (vi) is approved in writing by you for public disclosure, or (vii) is required by law or regulation to be disclosed by Ratings Services or its affiliates. Ratings Services is aware that U.S. and state securities laws may impose restrictions on trading in securities when in possession of material, non-public information and has adopted securities trading and communication policies to that effect.

Ratings Services' Use of Information. Except as otherwise provided herein, Ratings Services shall not disclose Confidential Information to third parties. Ratings Services may (i) use Confidential Information to assign, raise, lower, suspend, place on CreditWatch, or withdraw a rating, and assign or revise an Outlook, and (ii) share Confidential Information with its affiliates engaged in the ratings business who are bound by appropriate confidentiality obligations; in each case, subject to the restrictions contained herein, Ratings Services and such affiliates may publish information derived from Confidential Information. Ratings Services may also use, and share Confidential Information with any of its affiliates or agents engaged in the ratings or other financial services businesses who are bound by appropriate confidentiality obligations ("Relevant Affiliates and Agents"), for modelling, benchmarking and research purposes; in each case, subject to the restrictions contained herein, Ratings Services and such affiliates may publish information derived from Confidential Information. With respect to structured finance ratings not maintained on a confidential or private basis, Ratings Services may publish data aggregated from Confidential Information, excluding data that is specific to and identifies individual debtors ("Relevant Data"), and share such Confidential Information with any of its Relevant Affiliates and Agents for general market dissemination of Relevant Data; you confirm that, to the best of your knowledge, such publication would not breach any confidentiality obligations you may have toward third parties. Ratings Services will comply with all applicable U.S. and state laws, rules and regulations protecting personally-identifiable information and the privacy rights of individuals. Ratings Services acknowledges that you may be entitled to seek specific performance and injunctive or other equitable relief as a remedy for Ratings Services' disclosure of Confidential Information in violation of this Agreement. Ratings Services and its affiliates reserve the right to use, publish, disseminate, or license others to use, publish or disseminate any non-Confidential Information provided by you, your agents or advisors.

Ratings Services Not an Expert, Underwriter or Seller under Securities Laws. Ratings Services has not consented to and will not consent to being named an "expert" or any similar designation under any applicable securities laws or other regulatory guidance, rules or recommendations, including without limitation, Section 7 of the U.S. Securities Act of 1933. Ratings Services is not an "underwriter" or "seller" as those terms are defined under applicable securities laws or other regulatory guidance, rules or recommendations, including without limitation Sections 11 and 12(a)(2) of the U.S. Securities Act of 1933. Rating Services has not performed the role or tasks associated with an "underwriter" or "seller" under the United States federal securities laws or other regulatory guidance, rules or recommendations in connection with this engagement.

Office of Foreign Assets Control. As of the date of this Agreement, (a) neither you nor the issuer (if you are not the issuer) or any of your or the issuer's subsidiaries, or any director or corporate officer of any of the foregoing entities, is the subject of any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury ("OFAC Sanctions"), (b) neither you nor the issuer (if you are not the issuer) is 50% or more owned or controlled, directly or indirectly, by any person or entity ("parent") that is the subject of OFAC Sanctions, and (c) to the best of your knowledge, no entity 50% or more owned or controlled by a direct or indirect parent of you or the issuer (if you are not the issuer) is the subject of OFAC sanctions. For so long as this Agreement is in effect, you will promptly notify Ratings Services if any of these circumstances change.

Ratings Services' Use of Confidential and Private Ratings. Ratings Services may use confidential and private ratings in its analysis of the debt issued by collateralized debt obligation (CDO) and other investment vehicles. Ratings Services

may disclose a confidential or private rating as a confidential credit estimate or assessment to the managers of CDO and similar investment vehicles. Ratings Services may permit CDO managers to use and disseminate credit estimates or assessments on a limited basis and subject to various restrictions; however, Ratings Services cannot control any such use or dissemination.

Entire Agreement. Nothing in this Agreement shall prevent you, the issuer (if you are not the issuer) or Ratings Services from acting in accordance with applicable laws and regulations. Subject to the prior sentence, this Agreement, including any amendment made in accordance with the provisions hereof, constitutes the complete and entire agreement between the parties on all matters regarding the rating provided hereunder. The terms of this Agreement supersede any other terms and conditions relating to information provided to Ratings Services by you or your agents and advisors hereunder, including without limitation, terms and conditions found on, or applicable to, websites or other means through which you or your agents and advisors make such information available to Ratings Services, regardless if such terms and conditions are entered into before or after the date of this Agreement. Such terms and conditions shall be null and void as to Ratings Services.

Limitation on Damages. Ratings Services does not and cannot guarantee the accuracy, completeness, or timeliness of the information relied on in connection with a rating or the results obtained from the use of such information. RATINGS SERVICES GIVES NO EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. Ratings Services, its affiliates or third party providers, or any of their officers, directors, shareholders, employees or agents shall not be liable to you, your affiliates or any person asserting claims on your behalf, directly or indirectly, for any inaccuracies, errors, or omissions, in each case regardless of cause, actions, damages (consequential, special, indirect, incidental, punitive, compensatory, exemplary or otherwise), claims, liabilities, costs, expenses, legal fees or losses (including, without limitation, lost income or lost profits and opportunity costs) in any way arising out of or relating to the rating provided hereunder or the related analytic services even if advised of the possibility of such damages or other amounts except to the extent such damages or other amounts are finally determined by a court of competent jurisdiction in a proceeding in which you and Ratings Services are parties to result from gross negligence, intentional wrongdoing, or willful misconduct of Ratings Services. In furtherance and not in limitation of the foregoing, Ratings Services will not be liable to you, your affiliates or any person asserting claims on your behalf in respect of any decisions alleged to be made by any person based on anything that may be perceived as advice or recommendations. In the event that Ratings Services is nevertheless held liable to you, your affiliates, or any person asserting claims on your behalf for monetary damages under this Agreement, in no event shall Ratings Services be liable in an aggregate amount in excess of US\$5,000,000 except to the extent such monetary damages directly result from Ratings Services' intentional wrongdoing or willful misconduct. The provisions of this paragraph shall apply regardless of the form of action, damage, claim, liability, cost, expense, or loss, whether in contract, statute, tort (including, without limitation, negligence), or otherwise. Neither party waives any protections, privileges, or defenses it may have under law, including but not limited to, the First Amendment of the Constitution of the United States of America.

Termination of Agreement. This Agreement may be terminated by either party at any time upon written notice to the other party. Except where expressly limited to the term of this Agreement, these Terms and Conditions shall survive the termination of this Agreement.

No Third-Party Beneficiaries. Nothing in this Agreement, or the rating when issued, is intended or should be construed as creating any rights on behalf of any third parties, including, without limitation, any recipient of the rating. No person is intended as a third party beneficiary of this Agreement or of the rating when issued.

Binding Effect. This Agreement shall be binding on, and inure to the benefit of, the parties hereto and their successors and assigns.

Severability. In the event that any term or provision of this Agreement shall be held to be invalid, void, or unenforceable, then the remainder of this Agreement shall not be affected, impaired, or invalidated, and each such term and provision shall be valid and enforceable to the fullest extent permitted by law.

Amendments. This Agreement may not be amended or superseded except by a writing that specifically refers to this Agreement and is executed manually or electronically by authorized representatives of both parties.

Reservation of Rights. The parties to this Agreement do not waive, and reserve the right to contest, any issues regarding sovereign immunity, the applicable governing law and the appropriate forum for resolving any disputes arising out of or relating to this Agreement.

TAB 17



ATTORNEY GENERAL OF TEXAS
GREG ABBOTT

July 23, 2012

THIS IS TO CERTIFY that the Trinity River Authority of Texas (the "Issuer") has submitted the Trinity River Authority of Texas Regional Wastewater System Revenue Bonds, Series 2012 (the "Bonds"), in the aggregate principal amount of \$74,270,000, for approval. The Bonds are dated July 15, 2012, numbered R-1 through R-19, and were authorized by Resolution No. R-1350 of the Issuer passed on June 27, 2012 (the "Resolution"). The record of proceedings submitted with the Bonds included the Resolution and a Certificate of General Manager relating to the Bonds.

The Office of the Attorney General has examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Issuer contained in the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

We express no opinion relating to the official statement or any other offering material relating to the Bonds.

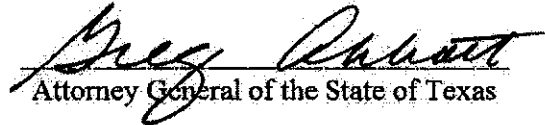
Based on our examination, we are of the opinion, as of the date hereof and under existing law, as follows (capitalized terms, except as herein defined, have the meanings given to them in the Resolution):

- (1) The Bonds have been issued in accordance with law and are valid and binding special obligations of the Issuer.
- (2) The Bonds are payable from and secured by a first lien on and pledge of the Issuer's Net Revenues from Contracts between the Issuer and the Contracting Parties, as provided in the Resolution.
- (3) The owner of the Bonds shall never have the right to demand payment of the Bonds out of any funds raised or to be raised by taxation.
- (4) The proceedings conform to the requirements of law.

Trinity River Authority of Texas Regional Wastewater System Revenue Bonds, Series 2012 -
\$74,270,000

-Page 2-

Therefore, the Bonds are approved, and pursuant to chapter 1371 of the Government Code, the proceedings are approved.


Attorney General of the State of Texas

No. 53985
Book No. 2012-C
MA

*See attached Signature Authorization

OFFICE OF THE ATTORNEY GENERAL
OF THE STATE OF TEXAS

§
§
§

I, GREG ABBOTT, Attorney General for the State of Texas, do hereby authorize the employees of the Public Finance Division of the Office of the Attorney General to affix a digital image of my signature, in my capacity as Attorney General, to the opinions issued by this office approving the issuance of public securities by the various public agencies, non-profit corporations, districts, entities, bodies politic or corporate, or political subdivisions of this State as required by law, the opinions approving those contracts designated by the Legislature as requiring the approval of the Attorney General, and the obligations, proceedings and credit agreements required by law to be approved by the Attorney General. The authorized digital image of my signature is attached as Exhibit A and is hereby adopted as my own for the purposes set forth herein. This supercedes any prior signature authorizations for the same purpose.

The authority granted herein is to be exercised on those occasions when I am unavailable to personally sign said opinions, and upon the condition that the opinions to which the digital image signature is affixed have been approved by an authorized Assistant Attorney General following the completion of the Public Finance Division's review of the transcripts of proceedings to which the opinions relate.

Given under my hand and seal of office at Austin, Texas, this the 9 day of January, 2009.

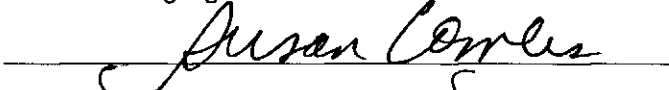
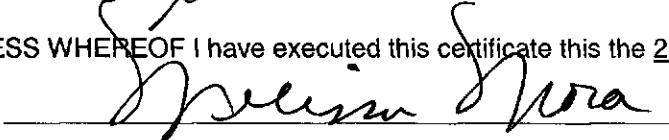

GREG ABBOTT
Attorney General of the State of Texas

OFFICE OF COMPTROLLER
OF THE STATE OF TEXAS

I, Melissa Mora, ☐ Bond Clerk ☒ Assistant Bond Clerk in the office of the Comptroller of the State of Texas, do hereby certify that, acting under the direction and authority of the Comptroller on the 23rd day of July 2012, I signed the name of the Comptroller to the certificate of registration endorsed upon the:


Trinity River Authority of Texas Regional Wastewater System Revenue Bonds, Series 2012 and certain related documents, (the "Proceedings"),

the bonds are numbered R-1/R-19, dated July 15, 2012, and that in signing the certificate of registration I used the following signature:


IN WITNESS WHEREOF I have executed this certificate this the 23rd day of July 2012.


I, Susan Combs, Comptroller of Public Accounts of the State of Texas, certify that the person who has signed the above certificate was duly designated and appointed by me under authority vested in me by Chapter 403, Subchapter H, Government Code, with authority to sign my name to all certificates of registration, and/or cancellation of bonds required by law to be registered and/or cancelled by me, and was acting as such on the date first mentioned in this certificate, and that the bonds/certificates described in this certificate have been duly registered in the office of the Comptroller, under Registration Number 80393.

GIVEN under my hand and seal of office at Austin, Texas, this the 23rd day of July 2012.


SUSAN COMBS
Comptroller of Public Accounts
of the State of Texas

OFFICE OF COMPTROLLER
OF THE STATE OF TEXAS

I, SUSAN COMBS, Comptroller of Public Accounts of the State of Texas, do hereby certify that the attachment is a true and correct copy of the opinion of the Attorney General approving the:

Trinity River Authority of Texas Regional Wastewater System Revenue Bonds, Series 2012 and certain related documents, (the "Proceedings")

the bonds are numbered R-1/R-19, of the denomination of \$ various, dated July 15, 2012, as authorized by issuer, interest various percent, under and by authority of which said bonds/certificates and Proceedings were registered electronically in the office of the Comptroller, on the 23rd day of July 2012, under Registration Number 80393.

Given under my hand and seal of office, at Austin, Texas, the 23rd day of July 2012.

A handwritten signature in black ink, appearing to read "Susan Combs", with a stylized, flowing script.

SUSAN COMBS
Comptroller of Public Accounts
of the State of Texas

TAB 18

LAW OFFICES

MCALL, PARKHURST & HORTON L.L.P.

600 CONGRESS AVENUE

SUITE 1800

AUSTIN, TEXAS 78701-3248

TELEPHONE: 512 478-3805

FACSIMILE: 512 472-0871

717 NORTH HARWOOD

SUITE 900

DALLAS, TEXAS 75201-6587

TELEPHONE: 214 754-9200

FACSIMILE: 214 754-9250

700 N. ST. MARY'S STREET

SUITE 1525

SAN ANTONIO, TEXAS 78205-3503

TELEPHONE: 210 225-2800

FACSIMILE: 210 225-2984

AUG 01 2012

TRINITY RIVER AUTHORITY OF TEXAS REGIONAL WASTEWATER
SYSTEM REVENUE BONDS, SERIES 2012, DATED JULY 15, 2012, IN THE
PRINCIPAL AMOUNT OF \$74,270,000

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 and bear interest from the dates specified in the text of the Bonds, until maturity or redemption, at the rates and payable on the dates as stated in the text of the Bonds, with the Bonds being subject to redemption prior to maturity, all as provided in the resolution of the Issuer authorizing the issuance of the Bonds, including the Certificate of General Manager authorized thereby (collectively, the "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 the 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 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 payable from and secured by a first lien on and pledge of the Issuer's "Net Revenues" from "Contracts" between the Issuer and the Contracting Parties specified in the 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.

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, and assume compliance by the Issuer 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 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.

THE ISSUER has reserved the right, subject to the restrictions stated in the Resolution, to issue additional revenue bonds payable from and secured by a first lien on and pledge of the aforesaid Net Revenues from the Contracts on a parity with the Bonds.

THE ISSUER also has reserved the right to amend the Resolution, subject to the restrictions stated in the 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 Resolution.

WE HAVE ACTED AS BOND COUNSEL for the Issuer for the sole purpose of rendering an opinion with respect to the legality and validity of the bonds described above under the Constitution and laws of the State of Texas, and with respect to the exemption of the interest on such bonds from federal income taxes, and for no other reason or purpose. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result. We have not been requested to investigate or verify, and have not 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 adequacy of the pledged Net Revenues from Contracts, and have not assumed any responsibility with respect thereto. 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 sufficiency of the Net Revenues.

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,

M. Call, Paul Munro & Horton L. L.P.

TAB 19

LAW OFFICES

McCALL, PARKHURST & HORTON L.L.P.

600 CONGRESS AVENUE

SUITE 1800

AUSTIN, TEXAS 78701-3248

TELEPHONE: 512 478-3805

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DALLAS, TEXAS 75201-6587

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700 N. ST. MARY'S STREET

SUITE 1525

SAN ANTONIO, TEXAS 78205-3503

TELEPHONE: 210 225-2800

FACSIMILE: 210 225-2984

September 5, 2012

CERTIFIED MAIL RRR: 7004 2890 0001 9416 6944

Internal Revenue Service Center
Ogden, Utah 84201

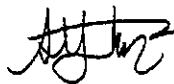
Re: Information Reporting - Tax-Exempt Bonds
Trinity River Authority of Texas
Regional Wastewater System Revenue Bonds, Series 2012

Ladies and Gentlemen:

Pursuant to the requirements of Section 149(e) of the Internal Revenue Code of 1986, enclosed please find an original of Form 8038-G which is hereby submitted to you for the above-captioned bonds issued August 1, 2012.

Sincerely,

McCALL, PARKHURST & HORTON L.L.P.



Stefano Taverna

ST: kg

Enclosures

cc: Mr. G. Charles Kobdich

Information Return for Tax-Exempt Governmental Obligations

► Under Internal Revenue Code section 149(e)

► See separate instructions.

OMB No. 1545-0720

Caution: If the issue price is under \$100,000, use Form 8038-GC.

Part I Reporting Authority

If Amended Return, check here ☐

1 Issuer's name TRINITY RIVER AUTHORITY OF TEXAS		2 Issuer's employer identification number (EIN) 75-6005084
3a Name of person (other than issuer) with whom the IRS may communicate about this return (see instructions) NONE		3b Telephone number of other person shown on 3a N/A
4 Number and street (or P.O. box if mail is not delivered to street address) 5300 S. COLLINS	Room/suite	5 Report number (For IRS Use Only) 3
6 City, town, or post office, state, and ZIP code ARLINGTON, TEXAS 76018		7 Date of issue 08/01/2012
8 Name of issue REGIONAL WASTEWATER SYSTEM REVENUE BONDS, SERIES 2012		9 CUSIP number 89658H SH4
10a Name and title of officer or other employee of the issuer whom the IRS may call for more information (see instructions) J. KEVIN WARD, GENERAL MANAGER		10b Telephone number of officer or other employee shown on 10a (817) 467-4343

Part II Type of Issue (enter the issue price). See the instructions and attach schedule.

11 Education	11	
12 Health and hospital	12	
13 Transportation	13	
14 Public safety	14	
15 Environment (including sewage bonds)	15	
16 Housing	16	
17 Utilities	17	72,920,962
18 Other. Describe ►	18	
19 If obligations are TANs or RANs, check only box 19a <input type="checkbox"/>		
If obligations are BANs, check only box 19b <input type="checkbox"/>		
20 If obligations are in the form of a lease or installment sale, check box <input type="checkbox"/>		

Part III Description of Obligations. Complete for the entire issue for which this form is being filed.

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	08/01/2032	\$ 72,920,962	\$ 74,270,000	12.44 years	1.5412 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

22 Proceeds used for accrued interest	22	-0-
23 Issue price of entire issue (enter amount from line 21, column (b))	23	72,920,962
24 Proceeds used for bond issuance costs (including underwriters' discount)	24	813,000
25 Proceeds used for credit enhancement	25	-0-
26 Proceeds allocated to reasonably required reserve or replacement fund	26	1,631,387
27 Proceeds used to currently refund prior issues	27	-0-
28 Proceeds used to advance refund prior issues	28	-0-
29 Total (add lines 24 through 28)	29	2,444,387
30 Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	30	70,476,575

Part V Description of Refunded Bonds. Complete this part only for refunding bonds.

NOT APPLICABLE

31 Enter the remaining weighted average maturity of the bonds to be currently refunded	years
32 Enter the remaining weighted average maturity of the bonds to be advance refunded	years
33 Enter the last date on which the refunded bonds will be called (MM/DD/YYYY)	
34 Enter the date(s) the refunded bonds were issued ► (MM/DD/YYYY)	

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 63773S

Form **8038-G** (Rev. 9-2011)

Part VI Miscellaneous

- 35** Enter the amount of the state volume cap allocated to the issue under section 141(b)(5) **35** -0-
- 36a** Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC) (see instructions) **36a** -0-
- b** Enter the final maturity date of the GIC ▶ _____
- c** Enter the name of the GIC provider ▶ _____
- 37** Pooled financings: Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units **37** -0-
- 38a** If this issue is a loan made from the proceeds of another tax-exempt issue, check box ☐ and enter the following information:
- b** Enter the date of the master pool obligation ▶ _____
- c** Enter the EIN of the issuer of the master pool obligation ▶ _____
- d** Enter the name of the issuer of the master pool obligation ▶ _____
- 39** If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box ☐
- 40** If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box ☐
- 41a** If the issuer has identified a hedge, check here ☐ and enter the following information:
- b** Name of hedge provider ▶ _____
- c** Type of hedge ▶ _____
- d** Term of hedge ▶ _____
- 42** If the issuer has superintegrated the hedge, check box ☐
- 43** If the issuer has established written procedures to ensure that all nonqualified bonds of this issue are remediated according to the requirements under the Code and Regulations (see instructions), check box ☒
- 44** If the issuer has established written procedures to monitor the requirements of section 148, check box ☒
- 45a** If some portion of the proceeds was used to reimburse expenditures, check here ☐ and enter the amount of reimbursement ▶ _____
- b** Enter the date the official intent was adopted ▶ _____

Signature and Consent

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that I consent to the IRS's disclosure of the issuer's return information, as necessary to process this return, to the person that I have authorized above.


Signature of issuer's authorized representative

08/01/2012

Date

J. KEVIN WARD, GENERAL MANAGER

Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name

STEFANO TAVERNA

Preparer's signature



Date

08/01/2012

Check ☐ if self-employed

PTIN

P01067358

Firm's name ▶ MCCALL, PARKHURST & BORTON L.L.P.

Firm's EIN ▶ 75-0799392

Firm's address ▶ 717 N. HARWOOD, SUITE 900, DALLAS, TX 75201

Phone no. 214-754-9200

7004 2690 0001 9416 6944

U.S. Postal Service™	
CERTIFIED MAIL™ RECEIPT	
<i>(Domestic Mail Only; No Insurance Coverage Provided)</i>	
For delivery information visit our website at www.usps.com	
OFFICIAL USE	
Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ <u>7.20</u>



Sent To	Internal Revenue Service Center
Street, Apt. No. or PO Box No.	Ogden, Utah 84201
City, State, ZIP+4	

PS Form 3800, June 2002 See Reverse for Instructions