

TRINITY RIVER AUTHORITY OF TEXAS
GENERAL IMPROVEMENT REVENUE BONDS
SERIES 2008, \$3,600,000

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TAB 1

RESOLUTION NO. R-1253

CERTIFICATE FOR
RESOLUTION AUTHORIZING THE ISSUANCE OF TRINITY RIVER AUTHORITY OF TEXAS
GENERAL IMPROVEMENT 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 25TH DAY OF JUNE, 2008, at the designated meeting place, and the roll was called of the duly constituted officers and members of said Board, to-wit:

Michael Cronin, President	John W. Jenkins
Linda D. Timmerman, Ed.D., Vice President	Katrina M. Keyes
Howard S. Slobodin, Secretary	Nancy E. Lavinski
Connie H. Arnold	Andrew Martinez
Harold L. Barnard	Kevin Maxwell
Herschel S. Brannen III	James W. Neale
Leslie C. Browne	Shanda S. Perkins
Karl R. Butler	Manny Rachal
Patricia Carlson	AnaLaura Saucedo
Patricia T. Clapp	Shirley K. Seale
Steve Cronin	Kim C. Wyatt
Hector Escamilla, Jr.	Vacancy
Jerry F. House, D.Min.	

and, at the time of adoption of the resolution hereinafter described, all of said persons were present and voted, except the following absentees: Keyes, House, Arnold, Escamilla & Seale. Whereupon, a quorum being present, the following was transacted at said Meeting: a written

RESOLUTION AUTHORIZING THE ISSUANCE OF TRINITY RIVER AUTHORITY OF TEXAS
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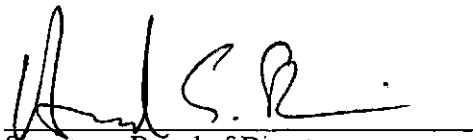
was duly introduced for the consideration of said Board and duly read. It was then duly moved and seconded that said Resolution be adopted; and, after due discussion, said motion, carrying with it the adoption of said resolution, prevailed and carried with all members present voting "AYE" except the 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 25th day of June, 2008.

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

Secretary, Board of Directors,
Trinity River Authority of Texas

(AUTHORITY SEAL)

RESOLUTION NO. R-1253

RESOLUTION AUTHORIZING THE ISSUANCE OF TRINITY RIVER AUTHORITY OF TEXAS
GENERAL IMPROVEMENT REVENUE BONDS AND APPROVING AND AUTHORIZING
INSTRUMENTS AND PROCEDURES RELATING THERETO

THE STATE OF TEXAS :
TRINITY RIVER AUTHORITY OF TEXAS :

WHEREAS, Trinity River Authority of Texas (the "Issuer" or "Authority") is invested with the powers of the State of Texas under Article XVI, Section 59 of the Constitution of Texas with respect to the Trinity River watershed to the extent and in the manner provided by Chapter 518, Acts 1955, 54th Legislature of Texas, Regular Session, as amended (the "Act"); and

WHEREAS, the Authority is authorized by the Act to issue its negotiable bonds for the purpose of carrying out anyone or more of its powers; and

WHEREAS, the Authority is authorized by the Act to pledge to the payment of the principal of and the interest on bonds all or part of the revenues accruing to the Authority; and

WHEREAS, the Authority will, from time to time, deem it appropriate and necessary to issue bonds for its purposes now or hereafter authorized and pledge designated revenues to their payment; and

WHEREAS, it is deemed appropriate and necessary that the Authority issue and sell bonds at this time for the purposes hereinafter stated; and pledge the revenues hereinafter described to their payment; and

WHEREAS, the bonds authorized to be issued by this Resolution (the "Bonds") shall be issued and delivered pursuant to the Act, Chapter 1371, Texas Government Code, as amended, and other applicable laws.

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

Section 1. RECITALS, AMOUNT AND PURPOSE OF THE BONDS. The Board of Directors 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. In order to obtain funds to pay the cost of construction and equipment of expansions and improvements to the Issuer's general office building in Arlington, Texas, in order to provide office space and facilities to be used exclusively by the Issuer's Board of Directors, officers, staff and employees, the Board of Directors hereby authorizes and directs the issuance of revenue bonds of the Issuer in the aggregate principal amount of not to exceed \$3,600,000.

Section 2. 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 GENERAL IMPROVEMENT REVENUE BOND, SERIES 2008" 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 at a private placement, negotiated or competitive sale, at such price, in the aggregate principal amount not exceeding the maximum amount set forth in Section 1 hereof, 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 set forth in a certification by the Authorized Officer. The Bonds shall not be sold at a price less than 95% of the initial aggregate principal amount thereof plus accrued interest thereon from their date to their delivery, and no Bond shall bear interest at a rate greater than 10% per annum. The Authorized Officer shall determine if the provisions of Rule 15c2-12 of the United States Securities and Exchange Commission relating to continuing disclosure of information shall be required to be complied with and, if required, what disclosure will be required to be complied with by the Issuer. 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.

(c) If the Authorized Officer determines that the Bonds should be sold by private placement, the Authorized Officer shall select the purchaser which, after due consideration and investigation, is willing to buy the Bonds on the most advantageous terms to the Issuer as determined by the Authorized Officer.

(d) If the Authorized Officer determines that the Bonds should be sold by a negotiated sale, the Authorized Officer shall designate the senior managing underwriter for the Bonds and such additional investment banking firms as deemed appropriate to assure that the Bonds are sold on the most advantageous terms to the Issuer. The Authorized Officer, acting for and on behalf of the Issuer, is authorized to enter into and carry out the terms of a Bond Purchase Contract for the Bonds to be sold by negotiated sale, with the underwriter(s) thereof at such price, with and subject to such terms as determined by the Authorized Officer subject to the parameters set forth in this Resolution. Any such Bond Purchase Contract shall be substantially in a form and substance previously approved by the Board in connection with the authorization of bonds by the Issuer with such changes as are acceptable to the Authorized Officer. The Authorized Officer shall cause to be prepared an official statement in such manner as the Authorized Officer deems appropriate.

(e) If the Authorized Officer determines that the Bonds should be sold at a competitive sale, the Authorized Officer shall cause to be prepared a notice of sale and official statement in such manner as the Authorized Officer deems appropriate, to make the notice of sale and official statement available to those

institutions and firms wishing to submit a bid for the Bonds, to receive such bids, and to award the sale of the Bonds to the bidder submitting the best bid in accordance with the provisions of the notice of sale.

Section 3. 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 Bank of New York Mellon Trust Company, National Association, Dallas, Texas (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 3(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.

(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 4. 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-

PRINCIPAL
AMOUNT
\$

UNITED STATES OF AMERICA
STATE OF TEXAS
TRINITY RIVER AUTHORITY OF TEXAS
GENERAL IMPROVEMENT REVENUE BOND
SERIES _____

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; 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 "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. 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 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 a Series of Bonds dated _____, authorized in accordance with the Constitution and laws of the State of Texas in the principal amount of \$ _____, IN ORDER TO OBTAIN FUNDS TO PAY THE COST OF CONSTRUCTION AND EQUIPMENT OF EXPANSIONS AND IMPROVEMENTS TO THE ISSUER'S GENERAL OFFICE BUILDING IN ARLINGTON, TEXAS, IN ORDER TO PROVIDE OFFICE SPACE AND FACILITIES TO BE USED EXCLUSIVELY BY THE ISSUER'S BOARD OF DIRECTORS, OFFICERS, STAFF AND EMPLOYEES.

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, 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.

The Bonds maturing in the year _____ are subject to mandatory redemption prior to maturity in part, at random, by lot or other customary method selected by the Paying Agent/Registrar, at par plus accrued interest to the redemption date, in amounts sufficient to redeem said Bonds on _____ in the years and principal amounts shown on the following schedule:

	<u>Maturity</u>	<u>Principal</u>
<u>Year</u>		<u>Amount (\$)</u>

The principal amount of said Bonds required to be redeemed pursuant to the operation of such mandatory redemption provision shall be reduced, at the option of the Issuer, by the principal amount of said Bonds of the respective maturity which, at least 50 days prior to the mandatory redemption date (1) shall have been acquired by the Issuer at a price not exceeding the principal amount of such Bonds plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, (2) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the Issuer at a price not exceeding the principal amount of such Bonds plus accrued interest to the date of purchase, or (3) shall have been redeemed pursuant to the optional redemption provisions and not theretofore credited against a mandatory redemption requirement.

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 registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice of redemption 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 sent 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 amount equal to the unredeemed portion thereof, will be issued to the registered owner upon the surrender thereof for cancellation, at the expense of the Issuer, all as provided in the Resolution.

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 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 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 45 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 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 is a special obligation of the Issuer, secured by and payable from a first lien on and pledge of the Revenues and Net Revenues received by the Issuer from the

Pledged Revenue System, which now consists of 50% of all future Water Sales deposited by the Issuer into the Water Sales Special Revenue Fund, plus 30% of the Issuer's Administrative Overhead Charges, received as revenues pursuant to various contracts and bond resolutions, as described and defined in the Resolution. This Bond and the issue of which it is a part, constitute special obligations of the Issuer and are payable solely from such revenues.

THE ISSUER has reserved the right, subject to the restriction stated in the Resolution, to issue Additional Bonds payable from and secured by a first lien on and pledge of the revenues on a parity with this Bond and series of which it is a part.

THE ISSUER also has reserved the right to amend the Resolution with the approval of the registered owners of a majority in principal amount of all outstanding bonds secured by and payable from a first lien on and pledge of the revenues.

THE REGISTERED OWNER hereof shall never have the right to demand payment of this Bond or the interest hereon from taxes or from any source whatsoever other than specified in the Resolution.

BY BECOMING the registered owner of this Bond, the registered owner thereby acknowledges all of the terms and provisions of the Resolution, agrees to be bound by such terms and provisions, acknowledges that the 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 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 Board of Directors of the Issuer and countersigned with the manual or facsimile signature of the Secretary of the Board of Directors 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

(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)

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

FORM OF ASSIGNMENT

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

(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.

Signature Guaranteed:

NOTICE: The signature above must correspond with the

guarantor institution participating in a securities transfer association recognized signature guarantee program.

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

Comptroller of Public Accounts
of the State of Texas

(COMPTROLLER'S SEAL)

Section 5. DEFINITIONS. As used in this Resolution the following terms shall have the meanings set forth below, unless the text hereof specifically indicates otherwise:

(a) "Act" shall mean Chapter 518, Acts 1955, 54th Legislature of Texas, Regular Session, as amended.

(b) "Additional Bonds" shall mean the additional parity bonds herein permitted to be authorized.

(c) "Administrative Overhead Charges" shall mean the amounts (constituting revenues to the Issuer for general administrative services relating to various facilities and transactions) received by the Issuer pursuant to its current and future contracts and bond resolutions relating to the facilities and services of the Issuer.

(d) "Authority" or "Issuer" shall mean Trinity River Authority of Texas.

(e) "Board" or "Board of Directors" shall mean the duly constituted Board of Directors of the Issuer.

(f) "Bonds" shall mean the Bonds authorized by this Resolution.

(g) "Eligible Investments" shall mean those investments in which the Issuer is authorized by law, including, but not limited to, the Public Funds Investment Act of 1987 (Chapter 2256, Texas Government Code), as amended, to purchase, sell and invest its funds and funds under its control; and provided further that Eligible Investments shall specifically include, with respect to the investment of proceeds of any Bonds and Additional Bonds, guaranteed investment contracts fully collateralized by direct obligations of the United States of America, including obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

(h) "Facility" shall mean any facility which, on the date of adoption of this Resolution by the Board, is owned and operated by the Issuer and the sales of water from which are currently being deposited into the Water Sales Special Revenue Fund.

(i) "Net Revenues" shall mean, with respect to any Facility or income from any other source, the Revenues after deducting therefrom (i) the Operating Expenses pertaining thereto and (ii) any contractually required disbursements thereof to other parties.

(j) "Operating Expenses" shall mean with respect to any Facility, or source of income, all necessary operating expenses, current maintenance charges, expenses of reasonable upkeep, properly allocated shares of charges for administration, insurance, and all other expenses incidental to the operation thereof, but shall exclude depreciation and with respect to income from any other source, the properly allocated costs attributable to the production of such income.

(k) "Outstanding" shall mean when used with reference to Bonds and Additional Bonds, and as of a particular date, all such bonds theretofore issued and not cancelled except such bonds for the payment or redemption of which cash, equivalent to the principal amount or redemption price thereof, with interest to date of maturity or redemption date, shall be held by the Paying Agent/Registrar, provided that if such bonds are to be redeemed prior to date of maturity, notice of redemption shall have been given as provided in the resolution or resolutions authorizing such bonds.

(l) "Paying Agent/Registrar" shall mean the Paying Agent/Registrar so designated in this Resolution, with respect to the Bonds, and in any subsequent resolution authorizing the issuance of Additional Bonds, with respect to such Additional Bonds.

(m) "Pledged Revenue System" shall mean any Facility and any source of income of the Issuer from which Revenues or Net Revenues are from time to time pledged to pay the principal of, premium, if any, and the interest on the Bonds or Additional Bonds.

(n) "Revenues" shall mean, with respect to any Facility, the gross receipts received by the Issuer from the ownership or operation of such Facility and, with respect to income from any other source, the amounts received by the Issuer.

(o) "Special Project" or "Special Projects" shall mean any facility or facilities which are constructed or acquired in whole or in part with proceeds of Special Project Bonds.

(p) "Special Project Bonds" shall mean bonds issued by the Issuer for the purpose of acquiring or constructing a Special Project or Special Projects, all or part of the revenues of which are pledged to the payment of the principal of and interest on Special Project Bonds as such come due and mature.

(q) "Water Sales" shall mean the Revenues and Net Revenues received by the Issuer from the sale of Issuer's water or share of water from any Facility, excluding all sales of such water all or part of the proceeds of which are pledged to the payment of Special Project Bonds.

(r) "Water Sales Special Revenue Fund" shall mean the existing fund by that name heretofore established by the Issuer which is being pledged and applied as hereinafter set forth, and which is composed of Water Sales and the earnings thereon.

Section 6. PLEDGE AND FUNDS. (a) The principal of, premium, if any, and interest on the Bonds and any Additional Bonds shall be paid from and secured by a first lien on and pledge of the Revenues and Net Revenues received by the Issuer from the Pledged Revenue System, which shall consist of 50% of the future Water Sales deposited into the Water Sales Special Revenue Fund, plus 30% of the gross receipts of the Administrative Overhead Charges, and said lien and pledge are hereby irrevocably created.

(b) So long as any of the Bonds remains Outstanding it is agreed that the Board will not issue any additional bonds of equal or superior dignity payable from the revenues herein pledged except in accordance with the terms of Section 20. In no event while any of the Bonds are outstanding will the Board mortgage any properties of the Pledged Revenue System or any part thereof or dispose of any substantial part thereof.

(c) There is hereby created and established and ordered to be maintained in a depository or depositories of the Issuer the following special funds of the Issuer designated in subsections (i) and (ii), and the existing fund designated in subsection (iii) is hereby confirmed, to wit:

(i) "General Improvement Revenue Fund" (hereinafter called the "Revenue Fund") which may be maintained in one or more account;

(ii) "General Improvement Interest and Sinking Fund" (hereinafter called the "Interest and Sinking Fund"), to be used solely to pay the principal of, premium, if any, and interest on all Bonds and Additional Bonds; and

(iii) "Water Sales Special Revenue Fund" (hereinafter called the "Water Sales Special Revenue Fund"), to be used and applied in the following order of priority: (1st) for the purpose of paying the cost of unexpected or extraordinary repairs and replacements of the Issuer's general office building in Arlington, Texas for which funds are not otherwise available and (2nd) for paying principal of, premium, if any, and interest on any Outstanding Bonds and Additional Bonds, when and to the extent the amount in the Interest and Sinking Fund is insufficient for such purpose.

Said Funds shall, to the extent indicated, be held for the benefit of the registered owners of the Bonds and Additional Bonds.

(d) It is hereby ordered that there be placed in the Interest and Sinking Fund: (i) any accrued interest to be received as part of the proceeds from the sale and delivery of the Bonds, plus (ii) an additional amount from said proceeds equal, together with said accrued interest, to the interest which will come due on the Bonds for the period determined by the Authorized Officer, but not to exceed twenty-four (24) months from the date of the Bonds, to be used to pay interest coming due on the Bonds during the period of construction of the improvements with respect to which the Bonds have been issued.

(e) Beginning June 1, 2008, 50% of the Water Sales deposited into the Water Sales Special Revenue Fund shall be deposited as received to the credit of the Revenue Fund. If any facilities or other sources of income which require operation are hereafter added to the Pledged Revenue System and the Net Revenues thereof are pledged to the Bonds, then Revenues from such facilities shall first be used by the Issuer for the payment of Operating Expenses of such facilities or other source of income.

(f) On or before each principal and/or interest payment date on the Bonds and Additional Bonds, the Issuer shall cause to be deposited into the Interest and Sinking Fund the pledged 30% of the gross receipts of the Administrative Overhead Charges, and, to the extent required, transferred from the Revenue Fund and deposited in the Interest and Sinking Fund, money sufficient to pay such interest on and such principal of the Bonds and Additional Bonds as will accrue or mature on the principal and/or interest payment date, and to pay any principal of the Bonds and Additional Bonds scheduled to be redeemed prior to maturity in accordance with any mandatory redemption provisions.

(g) The Water Sales Special Revenue Fund shall be initially funded with the balance of the Issuer's existing Water Sales Special Revenue Fund. Beginning June 1, 2008, 50% of the future Water Sales of the Water Sales Special Revenue Fund shall be retained in said Fund. Any portion of the Water Sales of the Water Sales Special Revenue Fund transferred to the Revenue Fund which are not actually thereafter transferred to the Interest and Sinking Fund to be used to pay the principal and/or interest on the Bonds and Additional Bonds shall be redeposited into the Water Sales Special Revenue Fund. Future accretions and additions to the Water Sales Special Revenue Fund (i) in excess of the pledged 50% of said future Water Sales, (ii) resulting from any portion of the pledged 50% of said future Water Sales not actually used to pay the principal and/or interest on Bonds and Additional Bonds and (iii) resulting from investment of the moneys in said Fund shall be deposited into the Water Sales Special Revenue Fund and may be used by the Issuer for any lawful purpose of the Issuer, subject to the provisions of Section 6(c)(iii).

(g) All revenues received by the Issuer from the Pledged Revenue System in excess of those necessary to make the transfers and deposits as required by this Section, or to make the transfers, deposits, or payments as may be required by any resolution authorizing the issuance of any Additional Bonds, may be used by the Issuer for any lawful purpose.

(h) On or before each principal and/or interest payment date on the Bonds and Additional Bonds, while any of the Bonds or Additional Bonds are outstanding and unpaid, there shall be made available to the Paying Agent/Registrar, out of the Interest and Sinking Fund, money sufficient to pay such interest on and such principal of the Bonds and Additional Bonds as will accrue or mature on each principal and/or interest payment date, and to pay any principal of the Bonds and Additional Bonds scheduled to be redeemed prior to maturity in accordance with any mandatory redemption provisions.

(i) Money in all Funds created by this Resolution, to the extent not invested as herein permitted, shall be secured in the manner required by law.

(j) Whenever the sum in the Interest and Sinking Fund shall be equivalent to (i) the aggregate principal amount of Outstanding Bonds and Outstanding Additional Bonds, plus (ii) the aggregate amount of all interest, unmatured and matured, no further payments need be made into the Interest and Sinking Fund or Reserve Fund.

(k) Money in any Fund established pursuant to this Resolution may, at the option of the Issuer, be placed or invested in Eligible Investments. Such investments shall be sold promptly when necessary to prevent

any default in connection with the Bonds and Additional Bonds. Earnings derived from the investment of moneys on deposit in the various Funds created hereunder shall be credited to the Fund from which moneys used to acquire such investment shall have come.

Section 7. ACCOUNTING AND REPORTING. The Issuer covenants that proper books of record and account will be kept in which full, true, and correct entries will be made of all income, expenses and transactions of and in relation to the Pledged Revenue System, and each and every part thereof, and the Water Sales received by the Issuer therefrom.

Section 8. PUBLIC INSPECTION. The Issuer further covenants and agrees that the works and facilities, and each and every part thereof, and all books, records, accounts, documents and vouchers relating to the Water Sales, and the operation, maintenance, repair, and improvement, if any, of the Pledged Revenue System, will at all times be open to inspection of registered owners of Bonds and their representatives.

Section 9. PAYMENT OF BONDS AND INTEREST. The Issuer covenants and agrees that, out of the revenues pledged hereunder it will duly and punctually pay or cause to be paid the principal of every Bond and the interest thereon, on the date and at the place and in the manner specified in the Bonds, according to the true intent and meaning thereof, and that it will faithfully do and perform and at all times fully observe any and all covenants, undertakings and provisions contained herein or in any Bond.

Section 10. LEGAL ABILITY. The Issuer represents that it is a conservation and reclamation district, and a governmental agency and body politic and corporate, duly created, organized and existing under the Constitution and laws of the State of Texas and has proper authority from all other public bodies and authorities, if any, having jurisdiction thereof to construct and acquire the facilities herein contemplated and to pledge its revenues in the manner and form as herein done or intended, and that all corporate action on its part to that end has been duly and validly taken. The Issuer covenants and agrees that it will at all times maintain its corporate existence and maintain a lawful Board of Directors, and at all times function and act in the best interest of the Issuer and the registered owners of the Bonds.

Section 11. NO OTHER LIENS. The Issuer further covenants that there is not now outstanding any pledge of the revenues hereby pledged; that the security of the Bonds will not be impaired in any way as a result of any action or any nonaction on the part of the Issuer, its Board of Directors or officers, and that the Issuer has, and will, subject to the provisions hereof, continuously preserve good and indefeasible title to the Pledged Revenue System.

Section 12. KEEP FRANCHISES AND PERMITS IN EFFECT. The Issuer further covenants that no franchises, permits, privileges or easements will be allowed to lapse or be forfeited so long as the same shall be necessary for the proper operation of the Pledged Revenue System.

Section 13. GOVERNMENTAL REQUIREMENTS; LIENS; CLAIMS. The Issuer covenants that it will duly observe and comply with all valid requirements of any governmental authority relative to the Pledged Revenue System or any part thereof, and that it will pay or cause to be discharged, or will make adequate provision to satisfy and discharge, within sixty (60) days after the same shall accrue, all lawful claims and demands for labor, materials, supplies, or other objects which if unpaid, might by law become a lien upon such works and facilities or any part thereof or the revenue therefrom; provided, however, that nothing in this Section contained shall require the Issuer to pay or cause to be discharged, or make provision for, any such lien or charge, so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings.

Section 14. **FURTHER ASSURANCE.** The Issuer covenants that it will take such further action as may be required to carry out the purposes of this Resolution and to assure its validity.

Section 15. **SALE OF PROPERTY.** The Issuer covenants that so long as the Bonds or any of them shall be outstanding, and except as in this Resolution otherwise permitted, it will not sell or otherwise dispose of or encumber any part of the Pledged Revenue System, or any of the pledged revenues except as provided herein. The Issuer may from time to time sell any machinery, fixtures, apparatus, tools, instruments, or other movable property and any materials used in connection therewith, if such properties are of minor value or if the Board shall determine that such articles are no longer needed or are no longer useful in connection with the operation and maintenance of the Pledged Revenue System. The Issuer may from time to time sell such real estate that is not needed or serves no useful purposes in connection with the maintenance and operation of the Pledged Revenue System. The proceeds of any sale of real or personal property constituting a part of the Pledged Revenue System shall be used for replacements or betterments of the Pledged Revenue System or placed in the Revenue Fund.

Section 16. **ENFORCEMENT OF CONTRACTS AND ADMINISTRATIVE OVERHEAD CHARGES.** The Issuer covenants that it will keep in full force and effect the contracts pursuant to which Water Sales are derived, and will enforce the terms thereof. The Issuer further covenants that it will keep in full force and effect the contracts pursuant to which it receives the Administrative Overhead Charges, and that it will enforce and comply with the terms thereof and will collect promptly all of the Administrative Overhead Charges when due.

Section 17. **MAINTENANCE AND OPERATION.** The Issuer covenants that it will continuously and efficiently operate and maintain in good condition and at a reasonable cost any physical properties of the Pledged Revenue System and any facilities and services offered by same, and it will at all times maintain, preserve and keep the real and tangible property of any such facilities and every part thereof in good condition, repair, and working order and maintain, preserve and keep any structures and equipment pertaining thereto and every part and parcel thereof in good condition, repair, and working order.

Section 18. **RATE COVENANT.** The Issuer covenants that it will establish and continuously maintain service charges and rates for the use of, and any services furnished by, the Pledged Revenue System, which shall be sufficient, together with the revenues pledged hereunder, to pay any Operating Expenses of the Pledged Revenue System, to pay the principal of and interest on the Bonds as such principal and interest mature, and the said charges and rates shall be revised from time to time in order that the proceeds thereof will be fully sufficient to furnish funds for said purposes.

Section 19. **INSURANCE COVERAGE.** (a) With respect to the Pledged Revenue System, the Issuer shall procure fire and extended coverage insurance on any structures and the contents hereof. The foregoing fire and extended coverage insurance shall be maintained so long as any of the Bonds is outstanding and such fire and extended coverage insurance shall be in amounts at least sufficient to provide for full recovery on any such structure and the contents thereof whenever a loss from perils insured against does not exceed eighty per cent (80%) of the full insurable value thereof.

(b) Upon the happening of any loss or damage covered by any such policies from one or more of the causes to which reference is made in this Section, the Issuer shall make due proof of loss and shall do all things necessary or desirable to cause the insuring companies to make payment in full directly to the Issuer.

(c) The proceeds of insurance, covering such property, shall be used forthwith by the Board for the purpose of repairing the property damaged or replacing the property destroyed, and any insurance proceeds remaining upon the completion of such repair or replacement shall be deposited in the Revenue Fund.

Section 20. ADDITIONAL BONDS. (a) The Issuer reserves and shall have the right and power to issue in one or more series "Additional Bonds" for purposes permitted by law, which Additional Bonds, when issued, shall be secured by and payable from liens on and pledges of the revenues herein pledged in the same manner and to the same extent as the Outstanding Bonds and any other then Outstanding Additional Bonds; and the Additional Bonds permitted by this Section, when issued, shall be payable from the Interest and Sinking Fund and shall be in all respects of equal dignity and on a parity with the Outstanding Bonds and any other then Outstanding Additional Bonds. Each resolution authorizing such Additional Bonds shall prescribe appropriate additional larger payments to be made from the Revenue Fund into the Interest and Sinking Fund. It is specifically provided, however, that the Additional Bonds permitted by this Article shall not be authorized or issued unless:

(i) The Issuer is not in default as to any covenant, condition, or obligation set forth herein, and the General Manager of the Issuer signs a written certificate to such effect.

(ii) The Interest and Sinking Fund contains the amount of money then required by the terms hereof to be deposited therein.

(iii) An independent certified public accountant employed by the Issuer signs a written certificate to the effect that for a period of any consecutive twelve months within the last fifteen months next preceding the adoption of the resolution authorizing the issuance of such Additional Bonds the pledged revenues from the Pledged Revenue System were at least equal to 1.10 times the average annual requirements for the payment of principal and interest on all Outstanding Bonds and all Outstanding Additional Bonds.

(iv) The total of the pledged revenues from the Pledged Revenue System taken into consideration in paragraph (c) actually received and all other pledged revenues derived from any additional contracts to be effective no later than concurrently with the delivery of the proposed Additional Bonds shall on a pro forma basis calculation equal each year during which any of the Bonds or Additional Bonds shall be Outstanding no less than 1.10 times the average annual requirements for principal and interest on all Bonds and Additional Bonds then outstanding and on the Additional Bonds to be so issued. Such pro forma calculation shall be made by the General Manager of the Issuer and approved in writing by the President of the Board of Directors.

(v) The resolution authorizing such Additional Bonds shall provide for an identical flow of funds as heretofore prescribed, with payments of principal of the Additional Bonds on February 1, or August 1, or both, of the appropriate years and interest payments thereon on February 1 and August 1 of each year.

(b) In the event refunding bonds are issued as Additional Bonds under Section 20(a), paragraphs (iii) and (iv) shall not apply but additions to the Pledged Revenue System shall be made, to the extent required, concurrently with such refunding so that the estimated future annual pledged revenues therefrom shall equal at least 1.10 times the average annual requirements for principal and interest on the Additional Bonds to be issued as refunding bonds. Such estimates shall be made by the General Manager of the Issuer and approved in writing by the President of the Board of Directors.

(c) The Issuer reserves the right to issue bonds to refund less than all of the Outstanding Bonds or Additional Bonds, which refunding bonds, when issued, will be on a parity with the remaining Outstanding Bonds and/or Additional Bonds provided that the estimated annual pledged revenues from the Pledged Revenue System shall equal at least 1.10 times the average annual requirements for principal and interest on all Bonds and Additional Bonds then outstanding and on the refunding bonds to be issued. Such estimate shall be made by the General Manager of the Issuer and approved in writing by the President of the Board of Directors, and the resolution authorizing such refunding bonds shall provide for an identical flow of funds as heretofore described with payments of principal of the refunding bonds on February 1 or August 1, or both, of the appropriate years and interest payments thereon on February 1 and August 1 of each year.

Section 21. AMENDMENT OF RESOLUTION. (a) The owners of Bonds and Additional Bonds aggregating a majority in principal amount of the aggregate principal amount of then outstanding Bonds and Additional Bonds (for purposes of this sentence only, 100% of the aggregate principal amount of Bonds or Additional Bonds which are insured by a bond insurance provider at the time that the Issuer seeks approval of an amendment shall be deemed to be owned by such bond insurance provider) shall have the right from time to time to approve any amendment to any resolution authorizing the issuance of any Bonds or Additional Bonds, which may be deemed necessary or desirable by the Issuer, provided, however, that nothing herein contained shall permit or be construed to permit the amendment of the terms and conditions in said resolutions or in the Bonds or Additional Bonds so as to:

- (1) Make any change in the maturity of the outstanding Bonds or Additional Bonds;
- (2) Reduce the rate of interest borne by any of the outstanding Bonds or Additional Bonds;
- (3) Reduce the amount of the principal payable on the outstanding Bonds or Additional Bonds;
- (4) Modify the terms of payment of principal of or interest on the outstanding Bonds or Additional Bonds, or impose any conditions with respect to such payment;
- (5) Affect the rights of the owners of less than all of the Bonds and Additional Bonds then outstanding; or
- (6) Change the minimum percentage of the principal amount of Bonds and Additional Bonds necessary for consent to such amendment.

(b) If at any time the Issuer shall desire to amend a resolution under this Section, the Issuer shall cause notice of the proposed amendment to be published in a financial newspaper or journal published in The City of New York, New York, once during each calendar week for at least two successive calendar weeks. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy thereof is on file at the principal office of each Paying Agent/Registrar for the Bonds and Additional Bonds, for inspection by all owners of Bonds and Additional Bonds. Such publication is not required, however, if notice in writing is given to the owner of each of the Bonds and Additional Bonds.

(c) Whenever at any time not less than thirty days, and within one year, from the date of the first publication of said notice or other service of written notice the Issuer shall receive an instrument or instruments executed by the owners of at least a majority in aggregate principal amount of all Bonds and Additional Bonds

then outstanding, which instrument or instruments shall refer to the proposed amendment described in said notice and which specifically consent to and approve such amendment in substantially the form of the copy thereof on file as aforesaid, the Issuer may adopt the amendatory resolution in substantially the same form.

(d) Upon the adoption of any amendatory resolution pursuant to the provisions of this Section, the resolution being amended shall be deemed to be amended in accordance with the amendatory resolution, and the respective rights, duties, and obligations of the Issuer and all the owners of then outstanding Bonds and Additional Bonds and all future Additional Bonds shall thereafter be determined, exercised, and enforced hereunder, subject in all respects to such amendment.

(e) Any consent given by the owner of a Bond or Additional Bonds pursuant to the provisions of this Section shall be irrevocable for a period of six months from the date of the first publication of the notice provided for in this Section, and shall be conclusive and binding upon such owner and all future owners of the principal amount of such Bond or Additional Bond and any bond issued in substitution and exchange therefor during such period. Such consent may be revoked at any time after six months from the date of the first publication of such notice by the owner who gave such consent, or by a successor in title, by filing notice thereof with the Paying Agent/Registrar for such Bond or Additional Bond, and the Issuer, but such revocation shall not be effective if the owner of a majority in aggregate principal amount of then outstanding Bonds and Additional Bonds as in this Section defined have, prior to the attempted revocation, consented to and approved the amendment.

(f) For the purpose of this Section, all matters relating to the ownership of Bonds and Additional Bonds shall be determined from the Registration Books of the Issuer kept by the Paying/Registrar for such Bonds and Additional Bonds.

(g) Notwithstanding the foregoing provisions of this Section 21, if there has been filed with the Paying Agent/Registrar a Bond Insurance Policy, or a certified copy thereof, with respect to any Bond or Additional Bond, no consent by the registered owner of such Bond or Additional Bond to the execution of any amendment or other modification of this Resolution shall be effective unless the Bond Insurer consents in writing to the execution of such amendment or other modification. The Issuer further covenants that it will furnish to each Bond Insurer of record a transcript of the pertinent proceedings relating to each amendment or other modification of this Resolution.

Section 22. 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 Water Sales 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 22(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.

(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 22(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 (i) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America., (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of the purchase thereof are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the Issuer adopts or approves the proceedings authorizing the financial arrangements are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent.

(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 23. 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 this Resolution for Bonds issued in conversion and exchange for other Bonds.

Section 24. COVENANTS REGARDING TAX-EXEMPTION. 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 Interest and Sinking 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 not in excess of 3 years until such proceeds are needed for the purpose for which the bonds are issued,

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

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

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

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

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

The Issuer understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations and, in the case of refunding bonds, transferred proceeds (if any) and proceeds of the refunded bonds expended prior to the date of issuance of the Bonds. It is the understanding of the Issuer that the covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto. In the event that regulations or rulings are hereafter promulgated which modify or expand provisions of the Code, as applicable to the Bonds, the

Issuer will not be required to comply with any covenant contained herein to the extent that such modification or expansion, in the opinion of nationally recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated which impose additional requirements which are applicable to the Bonds, the Issuer agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally recognized bond counsel, to preserve the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In furtherance of such intention, the Issuer hereby authorizes and directs the General Manager of the Issuer to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of the Issuer, which may be permitted by the Code as are consistent with the purpose for the issuance of the Bonds.

Section 25. 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 1 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 26. 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.

Section 27. INTEREST EARNINGS ON BOND PROCEEDS. Interest earnings derived from the investment of proceeds from the sale of the Bonds shall be used along with other bond proceeds for the purpose for which the Bonds are issued set forth in Section 1 hereof, provided that after completion of such purpose, if any of such interest earnings remain on hand, such interest earnings shall be deposited in the Interest and Sinking Fund.

Section 28. CONSTRUCTION FUND. The Issuer hereby creates and establishes and shall maintain on the books of the Issuer a separate fund to be entitled the "Series 2008 General Improvement Revenue Bonds Capital Projects Fund" for use by the Issuer for payment of all lawful costs associated with the acquisition and construction of the Project as hereinbefore provided. The Issuer shall deposit the net proceeds from the sale of the Bonds into said Fund. Upon payment of all such costs, any moneys remaining on deposit in said Fund shall be transferred to the Interest and Sinking Fund.

Section 29. CUSTODY, APPROVAL, BOND COUNSEL'S OPINION, CUSIP NUMBERS AND INSURANCE. The President of the Board of Directors and the General Manager of the Issuer 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 the approval of the Bonds by the Attorney General of the State of Texas. The Comptroller of Public Accounts is requested to cause the Bonds to be registered in accordance with law. 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 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 shall bear, as appropriate and applicable, a legend concerning insurance as provided by the Insurer.

Section 30. FURTHER PROCEDURES. The President, Vice President and Secretary of the Board of Directors of the Issuer, the General Manager (as the "Authorized Officer" of the Issuer) and all other officers, employees and agents of the Issuer, and each of them, shall be and they are hereby expressly authorized, empowered and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge and deliver in the name and under the corporate seal and on behalf of the Issuer a Letter of Representation with DTC regarding the Book-Entry Only System, the Paying Agent/Registrar Agreement with the Paying Agent/Registrar and all other instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Resolution, the Letter of Representation, the Bonds, the sale of the Bonds and the Official Statement. Notwithstanding anything to the contrary contained herein, while the Bonds are subject to DTC's Book-Entry Only System and to the extent permitted by law, the Letter of Representation is hereby incorporated herein and its provisions shall prevail over any other provisions of this Resolution in the event of conflict. In case any officer whose signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

Section 31. SECURITY INTEREST. Chapter 1208, Government Code, applies to the issuance of the Bonds and the pledge of the revenues and charges granted by the Issuer under Section 6 of this Resolution, 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 and charges granted by the Issuer under Section 6 of this Resolution is to be subject to the filing requirements of Chapter 9, Business & Commerce Code, then in order to preserve to the registered owners of the Bonds the perfection of the security interest in said pledge, the Issuer agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Business & Commerce Code and enable a filing to perfect the security interest in said pledge to occur.

Section 32. EXPIRATION OF AUTHORIZATION. The authority of the General Manager, as Authorized Officer, to sell the Bonds as described in Section 2(b) of this Resolution shall expire on the one-year anniversary date of the adoption of this Resolution by the Board.

Section 33. 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 2

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 25, 2008 (the "Resolution") relating to the issuance of TRINITY RIVER AUTHORITY OF TEXAS GENERAL IMPROVEMENT REVENUE BOND, SERIES 2008 (the "Bond") hereby find, determine and commit on behalf of the Issuer to sell and deliver the Bond on the following terms:

1. The principal amount of the Bond shall be \$3,600,000.
2. The Bond is hereby sold to Bank of America, N.A., at a price of par. I have determined, after due consideration and investigation, that said purchaser is willing to buy the Bond on the most advantageous terms to the Issuer. The Bond shall initially be registered in the name of Bank of America, N.A.
3. The Bond shall be payable in installments on August 1 in each of the years and in the principal amounts, and shall finally mature on August 1, 2028, as follows:

YEAR	PRINCIPAL AMOUNT (\$)	YEAR	PRINCIPAL AMOUNT (\$)
2009	110,000	2019	180,000
2010	120,000	2020	185,000
2011	125,000	2021	195,000
2012	130,000	2022	205,000
2013	135,000	2023	215,000
2014	140,000	2024	225,000
2015	150,000	2025	235,000
2016	155,000	2026	245,000
2017	160,000	2027	255,000
2018	170,000	2028	265,000

4. The Bond shall be dated July 15, 2008 and shall bear interest from its date of delivery to the purchaser at the rate of 4.65% per annum, payable on February 1 and August 1 of each year commencing August 1, 2009.
5. The Bond shall be redeemable prior to maturity on August 1, 2018, or on any date thereafter at a redemption price of par, plus accrued interest.
6. The Bond shall be in the form and contain the provisions as set forth in Exhibit A hereto.
7. The Bond is exempt from the provisions of SEC Rule 15c2-12, as amended.

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

Witness my hand this June 25, 2008.

TRINITY RIVER AUTHORITY OF TEXAS

A handwritten signature in black ink, appearing to read "Danny F. Vance", written over a horizontal line.

Danny F. Vance
General Manager

EXHIBIT A

NO. R-1

PRINCIPAL
AMOUNT
\$3,600,000

UNITED STATES OF AMERICA
STATE OF TEXAS
TRINITY RIVER AUTHORITY OF TEXAS
GENERAL IMPROVEMENT REVENUE BOND
SERIES 2008

<u>INTEREST RATE</u>	<u>DATE OF ISSUANCE</u>
4.65%	July 30, 2008

REGISTERED OWNER: BANK OF AMERICA, N.A.

PRINCIPAL AMOUNT: THREE MILLION SIX HUNDRED THOUSAND 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 specified above, in installments on the dates and in the amounts hereinafter described, and to pay interest thereon, from the Date of Issuance set forth above, on the balance of said principal amount from time to time remaining unpaid, at the interest rate per annum set forth above. The unpaid principal of this Bond shall finally mature on August 1, 2028, but shall be paid in installments on the August 1 in the years and in the amounts set forth in the table below:

YEAR	PRINCIPAL AMOUNT (\$)	YEAR	PRINCIPAL AMOUNT (\$)
2009	110,000	2019	180,000
2010	120,000	2020	185,000
2011	125,000	2021	195,000
2012	130,000	2022	205,000
2013	135,000	2023	215,000
2014	140,000	2024	225,000
2015	150,000	2025	235,000
2016	155,000	2026	245,000
2017	160,000	2027	255,000
2018	170,000	2028	265,000

The principal of and interest on this Bond are payable in lawful money of the United States of America, without exchange or collection charges. Each "Payment Date" for this Bond means each date on which interest is payable on this Bond, being each February 1 and August 1, commencing with August 1, 2009, and each date on which principal is payable on this Bond, being each August 1, commencing August 1, 2009. The last

principal installment 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 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 all other principal installments of and interest on this Bond shall be made by the Paying Agent/Registrar to the registered owner hereof on each principal and interest Payment Date by check or draft, dated as of such principal and 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 the Bond (the "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. In addition, principal and 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.

This Bond is issuable in the form of one fully-registered Bond without coupons in the denomination of \$3,600,000. This Bond may be transferred or exchanged as provided in the Resolution, only upon the registration books kept for that purpose at the above-mentioned office of the Paying Agent/Registrar upon surrender of this Bond together with a written instrument of transfer or authorization for exchange satisfactory to the Paying Agent/Registrar and duly executed by the registered owner or his duly authorized attorney, and thereupon a new Bond of the same final maturity and in the denomination of the remaining outstanding principal balance of this Bond taking into account any prior installment payments or redemptions of portions of this Bond shall be issued by the Paying Agent/Registrar to the transferee in exchange therefor as provided in the Resolution, and upon payment of the charges therein prescribed. Among other requirements for such assignment and transfer, this Bond must be presented and surrendered to the Paying Agent/Registrar, together with the proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Bond to the assignee this Bond is 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 from time to time by the registered owner. In the case of the assignment and transfer of this Bond, the reasonable standard or customary fees and charges of the Paying Agent/Registrar 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 and transfer, as a condition precedent to the exercise of such privilege. The Issuer and the Paying Agent/Registrar may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest due hereon and for all other purposes. The Paying Agent/Registrar shall not be required to make any such transfer 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) within 30 days prior to a redemption date.

Any accrued interest due in connection with the payment of the final installment of principal of this Bond shall be paid to the registered owner upon presentation and surrender of this Bond for payment or redemption at the designated 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 Resolution, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on this Bond, 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 dated July 15, 2008, and is authorized in accordance with the Constitution and laws of the State of Texas in the principal amount of \$3,600,000, IN ORDER TO OBTAIN FUNDS TO PAY THE COST OF CONSTRUCTION AND EQUIPMENT OF EXPANSIONS AND IMPROVEMENTS TO THE ISSUER'S GENERAL OFFICE BUILDING IN ARLINGTON, TEXAS, IN ORDER TO PROVIDE OFFICE SPACE AND FACILITIES TO BE USED EXCLUSIVELY BY THE ISSUER'S BOARD OF DIRECTORS, OFFICERS, STAFF AND EMPLOYEES.

ON AUGUST 1, 2018, or on any date thereafter, the unpaid principal installments of this Bond are subject to redemption, and may be redeemed prior to the scheduled due dates by the Issuer, in a amount of not less than \$5,000, at a redemption price equal to the principal amount thereof to be redeemed plus accrued interest thereon to the date of redemption, without premium. The Issuer shall give notice of its direction to redeem the principal installments of this Bond to the Paying Agent/Registrar and the registered owner of this Bond no later than 15 days prior to the applicable redemption date.

IN THE EVENT any Paying Agent/Registrar for the Bond is changed by the Issuer, resigns or otherwise ceases to act as such, the Issuer has covenanted in the 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 Bond.

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 is a special obligation of the Issuer, secured by and payable from a first lien on and pledge of the Revenues and Net Revenues received by the Issuer from the Pledged Revenue System, which now consists of 50% of all future Water Sales deposited by the Issuer into the Water Sales Special Revenue Fund, plus 30% of the Issuer's Administrative Overhead Charges, received as revenues pursuant to various contracts and bond resolutions, as described and defined in the Resolution. This Bond constitutes a special obligation of the Issuer and is payable solely from such revenues.

THE ISSUER has reserved the right, subject to the restriction stated in the Resolution, to issue Additional Bonds payable from and secured by a first lien on and pledge of the revenues on a parity with this Bond.

THE ISSUER also has reserved the right to amend the Resolution with the approval of the registered owners of a majority in principal amount of all outstanding bonds secured by and payable from a first lien on and pledge of the revenues.

THE REGISTERED OWNER hereof shall never have the right to demand payment of this Bond or the interest hereon from taxes or from any source whatsoever other than specified in the Resolution.

BY BECOMING the registered owner of this Bond, the registered owner thereby acknowledges all of the terms and provisions of the Resolution, agrees to be bound by such terms and provisions, acknowledges that the 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 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 Board of Directors of the Issuer and countersigned with the manual or facsimile signature of the Secretary of the Board of Directors 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

(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 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 parti-
cipating in a securities
transfer association recog-
nized 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 par-
ticular, 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

Comptroller of Public Accounts
of the State of Texas

(COMPTROLLER'S SEAL)

TAB 3

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 GENERAL IMPROVEMENT REVENUE BOND, SERIES 2008, dated July 15, 2008, (the "Bond") authorized by resolution of the Board of Directors of the Authority on June 25, 2008 and the Certificate of General Manager relating thereto (collectively, 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. That none of the Revenues or Net Revenues received by the Authority from the Pledged Revenue System, which consists of 50% of the future Water Sales deposited into the Water Sales Special Revenue Fund, or the gross receipts of the Administrative Overhead Charges (as such terms are defined in the Bond Resolution) are pledged or encumbered to the payment of any debt or obligation whatsoever.

4. That no default exists in connection with any of the covenants or requirements of the Bond Resolution authorizing the Bond.

5. 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 revenues or charges; or (e) the Bond.

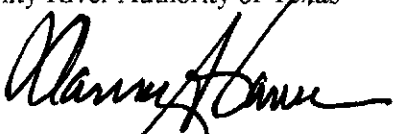
6. That the historical revenues and charges pledged to the payment of the Bond are set forth in Exhibit A attached hereto.

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SIGNED the 25th day of June, 2008.



Secretary, Board of Directors,
Trinity River Authority of Texas



General Manager,
Trinity River Authority of Texas



President, Board of Directors,
Trinity River Authority of Texas

EXHIBIT A

Trinity River Authority Water Sales Special Revenue Fund Audited

	Fiscal Year Ending,				
	2007	2006	2005	2004	2003
Revenues:					
Water Sales	\$ 1,483,395	\$ 1,856,422	\$ 1,175,794	\$ 904,505	\$ 906,333
Water Feasibility Studies	114,137	48,300	117,093	81,340	232,070
Investment Income	344,737	243,859	104,206	55,079	62,424
Other	27,608	1,216	-	-	-
Total Revenues:	<u>\$ 1,969,877</u>	<u>\$ 2,149,797</u>	<u>\$ 1,397,093</u>	<u>\$ 1,040,924</u>	<u>\$ 1,200,827</u>
Expenditures:					
Personal Services	201,051	192,482	-	-	-
Supplies	69,445	65,715	-	-	-
Other Services & Charges	741,643	673,765	756,556	962,860	928,993
Total Expenditures:	<u>\$ 1,012,139</u>	<u>\$ 931,962</u>	<u>\$ 756,556</u>	<u>\$ 962,860</u>	<u>\$ 928,993</u>
Excess of Revenues over Expenditures	\$ 957,738	\$ 1,217,835	\$ 640,537	\$ 78,064	\$ 271,834
Other Financing Sources	4,400	(9,004)	619,744	419,930	306,400
Beginning Fund Balance	\$ 7,336,589 ⁽¹⁾	\$ 6,127,755	\$ 4,867,474	\$ 4,369,480	\$ 3,791,246
Ending Fund Balance	\$ 8,298,727	\$ 7,336,586	\$ 6,127,755	\$ 4,867,474	\$ 4,369,480

(1) Restated

Trinity River Authority General Fund Audited

	Fiscal Year Ending,				
	2007	2006	2005	2004	2003
Administrative Overhead Charges	\$ 5,712,352	\$ 5,016,926	\$ 4,577,833	\$ 3,496,133	\$ 3,783,649
30% of Administrative Overhead Charges	<u>\$ 1,713,706</u>	<u>\$ 1,505,078</u>	<u>\$ 1,373,350</u>	<u>\$ 1,048,840</u>	<u>\$ 1,135,095</u>

TAB 4



June 25, 2008

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

McCall, Parkhurst & Horton L.L.P.
717 N. Harwood, 9th Floor
Dallas, Texas 75201

First Southwest Company
325 N. St. Paul Street
Suite 800
Dallas, Texas 75201

I, the undersigned, being an authorized officer of Bank of America, N.A. (the "Bank"), being a financial institution, to-wit: a bank within the definition of section 3(a)(2) of the Securities Act of 1933, engaged in the business of purchasing securities such as the Bond described below (the "Bond"), acknowledge that Trinity River Authority of Texas (the "Issuer") is issuing its \$3,600,000 General Improvement Revenue Bond, Series 2008 for the purpose of financing the construction and equipment of expansions and improvements to the Issuer's general office building in Arlington, Texas, in order to provide office space and facilities to be used exclusively by the Issuer's Board of Directors, officers, staff and employees (as described in the resolution adopted by the Board of Directors of the Issuer on the date hereof (Exhibit A hereto), and the Certificate of General Manager executed on the date hereof (Exhibit B hereto) pursuant to which the Bond has been authorized, collectively, the "Bond Resolution"). The Bond is to be issued under the authority of Chapter 518, Acts 1955, 54th Legislature of Texas, Regular Session, as amended, Chapter 1371, Texas Government Code, as amended, and other applicable laws. The Bank understands that the Bond will be secured by and shall be paid from a first lien on and pledge of the Revenues and Net Revenues received by the Issuer from the Pledged Revenue System, which shall consist of 50% of the future Water Sales deposited into the Water Sales Special Revenue Fund, plus 30% of the gross receipts of the Administrative Overhead Charges (as defined in the Bond Resolution). The Bond will not be secured by a mortgage on the facilities of the Issuer. The Bank hereby acknowledges receipt of the Bond Resolution.

The Bank further understands that the Bond will be sold for cash, will be approved by the Attorney General of the State of Texas, and will be delivered in one installment in the form of one fully-registered Bond representing the full maturity amount of the Bond, \$3,600,000, which Bond has a final maturity of August 1, 2028, provided that annual principal installment payments shall be made to the registered owner thereof, as described below. The Bond will initially be made payable to the order of the Bank, but may be assigned by the Bank in whole, but not in part, and the Bank or any assignee of the Bond from any prior registered owner shall be the registered owner thereof. The Bond will be delivered in physical form, and will not be subject to a book entry system of payment, registration and transfer.

In connection with the Bond, the Bank agrees as follows:

- A. Delivery of the Bond to the Bank (the "Closing") shall be made at The Bank of New York Mellon Trust Company, National Association, Dallas, Texas on July 30, 2008, it being understood that this delivery date may be extended by mutual consent of the Bank and the Issuer.
- B. The outstanding principal balance of the Bond shall bear interest at the per annum rate of 4.65%.
- C. Principal of the Bond will be payable in annual installments, or upon redemption at the option of the Issuer, under the terms and conditions described below. The purchase price for the Bond shall be the principal amount thereof. Interest on the Bond will accrue from the date of initial delivery. The unpaid principal of the Bond shall finally mature on August 1, 2028, but shall be paid in installments on the August 1 in the years and in the amounts set forth in the table below:

YEAR	PRINCIPAL AMOUNT (\$)	YEAR	PRINCIPAL AMOUNT (\$)
2009	110,000	2019	180,000
2010	120,000	2020	185,000
2011	125,000	2021	195,000
2012	130,000	2022	205,000
2013	135,000	2023	215,000
2014	140,000	2024	225,000
2015	150,000	2025	235,000
2016	155,000	2026	245,000
2017	160,000	2027	255,000
2018	170,000	2028	265,000

- D. The outstanding principal installments of the Bond may be redeemed at the option of the Issuer August 1, 2018, or on any date thereafter, as set forth in the Bond Resolution.
- E. The Bond will be fully registered as to principal and interest.
- F. In regard to its purchase of the Bond, the Bank acknowledges that no prospectus or other offering document has been prepared; however, the Issuer has furnished the Bank with all information necessary and requested by the Bank to permit the Bank to make an informed decision concerning its purchase of the Bond, and the Bank has made such inspections and investigations as it has deemed necessary to determine the investment quality of the Bond and to assess all risk factors associated with the purchase and ownership of the Bond. The Bank hereby acknowledges and represents that it has a business relationship with the Issuer and that it is familiar with the financial condition of the Issuer and the ability of the Issuer to timely pay the principal of and interest on the Bond. The Bank has been furnished with such financial information relating to the Issuer as it has requested for the purposes of making its assessment of an investment in the Bond. The Bank has had a reasonable opportunity to request and review such other information as it needs from the Issuer in order to enable it to make its investment decision. The Bank is not relying on McCall, Parkhurst & Horton L.L.P., the Issuer's Bond Counsel, or First Southwest Company, the Issuer's Financial Advisor, as to the completeness or accuracy of any financial information provided to the Bank by the Issuer in connection with its determination to make an investment in the Bond.

- G. The Bond is being purchased by the Bank for the account of the Bank as evidence of a loan (and not on behalf of another), and the Bank has no present intention of reselling such Bond or dividing its interest therein, either currently or after the passage of a fixed or determinable period of time or upon the occurrence or nonoccurrence of any predetermined event or circumstance; provided, however that the Bank reserves the right to sell, pledge, transfer, convey, hypothecate, or dispose of the Bond at some future date.
- H. The Bank acknowledges that the Bond will not be listed on any securities exchange. Further, no trading market now exists for the Bond, and none may exist in the future. Accordingly, the Bank understands that it may need to bear the risks of this investment for an indefinite time, since any sale prior to the maturity for the Bond may not be possible or may be at a price below that which the Bank is paying for the Bond.
- I. It is understood and agreed that the Bank is buying the Bond in a private placement by the Issuer to the Bank. The Bond is exempt from any federal securities registration requirements by virtue of Section 3(a)(2) of the Securities Act of 1933. The private placement of the Bond is exempt from the provisions of Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"); consequently the Issuer has not undertaken to make any on-going disclosures for the benefit of the registered owner of the Bond in accordance with the Rule.
- J. As long as the Bank is the registered owner of the Bond, the Issuer will deliver to the Bank a copy of its audited financial statements within 270 days of the end of each fiscal year of the Issuer.
- K. The Issuer will not designate the Bond as a "qualified tax-exempt obligation" within the meaning of section 265(b) of the Internal Revenue Code.
- L. As a condition to the purchase of the Bond, the Bank shall receive at the Closing an opinion of Bond Counsel in substantially the form attached hereto as Exhibit C. In addition, the Bank shall receive, at the Closing, an opinion of the Attorney General of the State of Texas to the effect that the Bond has been lawfully issued by the Issuer and is a valid and binding obligation of the Issuer under applicable laws of the State of Texas.
- M. This agreement shall be terminated by delivery of the Bond in the amount of \$3,600,000 to the Bank at the Closing date, provided that the representations of the Bank in F. and the covenant of the Issuer in J. above, shall survive the termination hereof.

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Respectfully submitted,

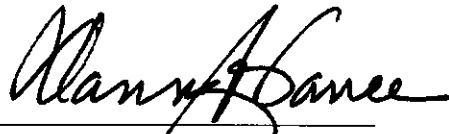
BANK OF AMERICA, N.A.

By Timothy D. Madison

Title Timothy D. Madison
Sr. Vice President

ACCEPTANCE

ACCEPTED pursuant to the Bond Resolution adopted by the Board of Trustees of the Trinity River Authority of Texas, this the 25th day of June, 2008.



General Manager

EXHIBIT A

RESOLUTION AUTHORIZING THE ISSUANCE OF TRINITY RIVER AUTHORITY OF TEXAS
GENERAL IMPROVEMENT REVENUE BONDS AND APPROVING AND AUTHORIZING
INSTRUMENTS AND PROCEDURES RELATING THERETO

**EXHIBITS A, B AND C ARE OMITTED AT THIS POINT. THEY APPEAR
IN THEIR ENTIRETY UNDER TABS NO. 1, 2 AND 11 OF THIS
TRANSCRIPT.**

TAB 5

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 GENERAL IMPROVEMENT REVENUE BOND, SERIES 2008, dated July 15, 2008, in the principal amount of \$3,600,000.

(b) That we officially executed and signed said Bond manually or by causing facsimiles of our manual signatures to be placed on said Bond, 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 said Bond.

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

(d) That at the time we so executed and signed said Bond 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 Bond, 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 Bond, 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 Bond, and that no authority or proceedings for the issuance of said Bond 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 said Bond, and said seal on said Bond has been duly adopted as, and is hereby declared to be, the official seal of said issuer.

EXECUTED and delivered this

JUL 30 2008

MANUAL SIGNATURES

Michael...
Charles...
Alamy...

OFFICIAL TITLES

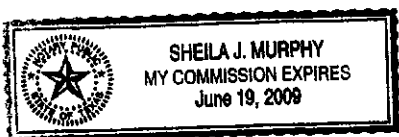
President, Board of Directors

Secretary, Board of Directors

General Manager

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 25th of June, 2008.



Sheila J. Murphy
Notary Public

Typed Name _____

(My Commission Expires _____)

(Notary Seal)

Law Offices
McCall, Parkhurst & Horton L.L.P.
717 North Harwood, Ninth Floor
Dallas, Texas 75201

TAB 6

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

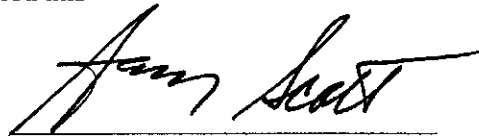
TRINITY RIVER AUTHORITY OF TEXAS GENERAL IMPROVEMENT
REVENUE BONDS, SERIES 2008, dated July 15, 2008, authorized by a resolution
adopted by the Board of Directors of the Issuer on June 25, 2008 (the "Bonds").

(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 JUL 30 2008

A handwritten signature in cursive script, appearing to read "Amy Scott", is written over a horizontal line.

TAB 7

FEDERAL TAX CERTIFICATE

1. In General.

1.1. The undersigned is the General Manager of the 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 General Improvement Revenue Bonds, Series 2008 (the "Bonds"). The Bonds are being issued pursuant to a resolution of the Issuer (the "Authorizing Resolution") adopted on June 25, 2008, and a Certificate executed by the General Manager of the Issuer (collectively with the Authorizing Resolution, the "Resolution") 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 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 Bank of America, N.A. (the "Purchaser") in Section 7 of this Certificate.

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, and (b) to construct and equip expansions and improvements to the Issuer's general office building in Arlington, Texas, in order to provide office space and facilities to be used exclusively by the Issuer's Board of Directors, officers, staff and employees (the "Projects").

2.2. The Issuer expects that the aggregate useful lives of the Projects exceed 35 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 the Bonds.

3.4. The Resolution provides that allocations of proceeds to expenditures for the Projects are expected not to be later than 18 months after the later of the date of the expenditure or the date that the Projects are placed in service, but, in any event, not longer than 60 days after the earlier of five years of the date hereof or the date the Bonds are retired.

3.5. 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.

3.6. Other than members of the general public, 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.

3.7. 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.

3.8. For purposes of Section 3.7 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 General Improvement Interest and Sinking Fund (the "Interest and Sinking Fund") has been created and established solely to pay the principal of and interest on the Bonds and any parity bonds, with a portion of the Interest and Sinking Fund constituting a bona fide debt service fund for the Bonds, and money deposited into the Interest and Sinking Fund for the Bonds will not be invested at a yield higher than the yield on the Bonds, except during the thirteen month period beginning on the date of each such deposit of money, and the amounts received from the investment of money in the Interest and Sinking Fund will not be invested at a yield higher than the yield on the Bonds, except during the one year period beginning on the date of receipt of such amounts; provided, however, and except that, if any money so deposited, and any amounts received from the investment thereof, are accumulated in the Interest and Sinking Fund and remain

on hand in the Interest and Sinking Fund 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, such money and amounts allocable to the Bonds, to the extent of an aggregate not exceeding the lesser of five percent of the proceeds of the Bonds or \$100,000 will not be subject to investment yield restrictions, and shall constitute a separate portion of the Interest and Sinking Fund.

4.2. It is expected that a portion of the Interest and Sinking Fund will be used primarily to achieve a proper matching of revenues collected for the Bonds and debt service on the Bonds within each bond year, and it is expected that such portion of the Interest and Sinking Fund will be depleted once a year on a first-in - first-out basis, except for a possible carryover amount which will not exceed the greater of one year's earnings on the Interest and Sinking Fund or 1/12 of annual debt service on the Bonds payable from the Interest and Sinking Fund, but any money and amounts which may be accumulated in the Interest and Sinking Fund, to constitute a debt service reserve fund for the Bonds as described in Section 4.1, above, shall constitute a separate portion of the Interest and Sinking Fund, and will not be depleted annually, and will not be subject to yield restrictions; provided that in no event will such debt service reserve fund portion of the Interest and Sinking Fund ever exceed the lesser of five percent of the proceeds of the Bonds or \$100,000.

5. Revenue Fund.

5.1. The Resolution creates a General Improvement Revenue Fund (the "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.

5.2. 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.

6. Special Revenue Fund.

6.1. The Resolution creates a Water Sales Special Revenue Fund (the "Special Revenue Bonds") which will be used solely for the purposes described in the Resolution.

6.2. Other than moneys in the Special Revenue Fund that are transferred to the Interest and Sinking Fund, the moneys in the Special 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 amounts will be available to meet debt services if the Issuer encounters financial difficulty. Amounts in the Special Revenue Fund will be invested without yield restriction.

7. Yield.

All of the Bonds have been the subject of a bona fide initial offering to the Purchaser who is acquiring as a member of the public and not for the present purposes of resale at a purchase price of 100 percent of the stated principal amount thereof.

8. Invested Sinking Fund Proceeds, Replacement Proceeds.

8.1. 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.

8.2. Other than the Interest and Sinking Fund, there are, and will be, no other funds or accounts established, or to be established, by or on behalf of the Issuer (a) which are reasonably expected to be used, or to generate earnings to be used, to pay debt service on the Bonds, or (b) which 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.

9. 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.

10. 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.

11. Record Retention.

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 THREE YEARS AFTER THE DATE THE BONDS ARE RETIRED.** The Issuer acknowledges receipt of the letter attached hereto as Exhibit "B" which, in part, discusses specific guidance by the Service with respect to the retention of records relating to tax-exempt bond transaction. The Issuer also acknowledges that the letter does not constitute an opinion of Bond Counsel as to the proper record retention policy applicable to any specific transaction.

13. Rebate to United States.

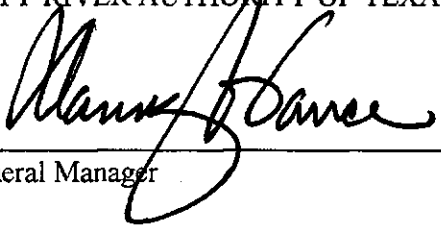
The Issuer has covenanted in the Resolution that it will comply with the requirements of the Code, including section 148(f) of the Code, relating to the required rebate to the United States. Specifically, the Issuer will take steps to ensure that all earnings on gross proceeds of the Bonds in excess 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. This memorandum does not constitute an opinion of Bond Counsel as to the proper federal tax or accounting treatment of any specific transaction.

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DATED: JUL 30 2008

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 Section 7 of this Federal Tax Certificate are accurate.

BANK OF AMERICA, N.A.

By: Mary Kinsey

Name: MARY KINSEY

Title: Vice President

Exhibit "A"

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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.

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

Effective Dates

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)
Rebate amount (01/01/1999)		<u>\$878,664"</u>

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

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.

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 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 Faust N. Bowerman at (214) 754-9200.

Exhibit "B"

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FACSIMILE: (210) 225-2964

June 25, 2008

Mr. Warren N. Brewer, Jr.
Regional Manager, Northern Region
Trinity River Authority of Texas
P.O. Box 240
Arlington, Texas 76004

Re: Trinity River Authority of Texas
General Improvement Revenue Bonds, Series 2008

Dear Mr. Brewer:

As you know, the Trinity River Authority of Texas (the "Issuer") will issue the captioned bonds in order to provide for the construction and equipment 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 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.

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 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 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.

Accordingly, you should review the current balance in the interest and sinking 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. 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 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.

Finally, you should notice that the 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. 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: Mr. G. Charles Kobdich

Exhibit "C"

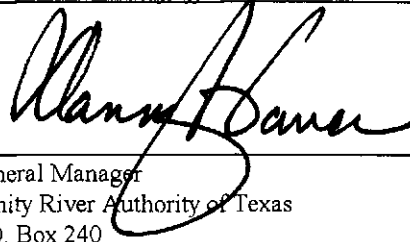
**CERTIFICATE OF ELECTION PURSUANT TO SECTION 148(f)(4)(C)
OF THE INTERNAL REVENUE CODE OF 1986**

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 General Improvement Revenue Bonds, Series 2008 (the "Bonds") which are being issued on the date of delivery of the Bonds in a face amount equal to \$3,600,000. 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. 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: JUL 30 2008



General Manager
Trinity River Authority of Texas
P.O. Box 240
Arlington, Texas 76004
Employer I.D. Number: 75-6005084

TAB 8

PAYING AGENT/REGISTRAR AGREEMENT

THIS AGREEMENT entered into as of July 15, 2008 (this "Agreement"), by and between the 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 General Improvement Revenue Bond, Series 2008 (the "Securities") in the aggregate principal amount of \$3,600,000, such Securities to be issued in fully registered form only as to the payment of principal and interest thereon; and

WHEREAS, the Securities are scheduled to be delivered to the initial purchasers thereof on or about July 30, 2008; 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.

"Fiscal Year" means the fiscal year of the Issuer, ending August 31.

"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 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 Issuer 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).

"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.

**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") 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. Return of Canceled Certificates.

The Bank will, at such reasonable intervals as it determines, surrender to the Issuer, Securities in lieu of which or in exchange for which other Securities have been issued, or which have been paid.

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 transmission of the closing memorandum to be followed by an original of the closing memorandum signed by the financial advisor or the Issuer.

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. The Bank shall have no liability for consequential damages.

(c) 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 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 for, 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.

Any corporation into which the Paying Agent/Registrar 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/Registrar shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Paying Agent/Registrar shall be the successor of the Paying Agent/Registrar hereunder without the execution or filing of any paper or any further act on the part of either of the parties hereto.

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. 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 6.07. 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 6.08. 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 6.09. 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 6.10. 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. 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 6.11. 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 Shannon Stet
Title Assistant Treasurer

2001 Bryan Street, 8th Floor, Dallas, Texas 75201

Attest:

By: Bryan Smith
Title: VICE PRESIDENT

TRINITY RIVER AUTHORITY OF TEXAS

Alamy Hancock
General Manager

5300 S. Collins Street
Arlington, Texas 76018

Attest:

Handwritten Signature
Secretary, Board of Directors



THE BANK OF NEW YORK MELLON

The Bank of New York Mellon Trust Company, N.A.

Fee Schedule

Trinity River Authority of Texas General Improvement Revenue Bond, Series 2008

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. This fee is payable annually, in advance.

Extraordinary Services / Miscellaneous 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 determined by appraisal in amounts commensurate with the service to be provided. 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.

Miscellaneous fees may include, but are not necessarily limited to the following, if applicable: 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 an additional charge of \$300 per event.



THE BANK OF NEW YORK MELLON

The Bank of New York Mellon Trust Company, N.A.

Terms and Disclosures

Terms of Proposal

Final acceptance of the appointment under the Indenture is subject to approval of authorized officers of BNY 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 BNY, 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 9

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ATTORNEY GENERAL OF TEXAS
GREG ABBOTT

July 24, 2008

THIS IS TO CERTIFY that the Trinity River Authority of Texas (the "Issuer"), has submitted to me Trinity River Authority of Texas General Improvement Revenue Bond, Series 2008 (the "Bond"), in the principal amount of \$3,600,000, for approval. The Bond is dated July 15, 2008, numbered R-1, and was authorized by Resolution No. R-1253 of the Issuer passed on June 25, 2008 (the "Resolution").

I have examined the law and such certified proceedings and other papers as I deem necessary to render this opinion.

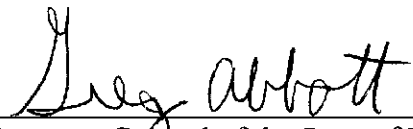
As to questions of fact material to my opinion, I have relied upon representations of the Issuer contained in the certified proceedings and other certifications of public officials furnished to me without undertaking to verify the same by independent investigation.

I express no opinion relating to the official statement or any other offering material relating to the Bond.

Based on my examination, I am 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 Bond has been issued in accordance with law and is a valid and binding special obligation of the Issuer.
- (2) The Bond is payable from and secured by and payable from a first lien on and pledge of the Revenues and Net Revenues received by the Issuer from the Pledged Revenue System.
- (3) The Owner of the Bond shall never have the right to demand payment of the Bond, or the interest thereon, from any funds raised or to be raised by the levy of taxes by the Issuer.

Therefore, the Bond is approved.



Attorney General 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 General Improvement Revenue Bond, Series 2008

numbered R-1, of the denomination of \$ 3,600,000, dated July 15, 2008, as authorized by issuer, interest 4.65 percent, under and by authority of which said bonds/certificates were registered electronically in the office of the Comptroller, on the 24th day of July 2008, under Registration Number 74563.

Given under my hand and seal of office, at Austin, Texas, the 24th day of July 2008.

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

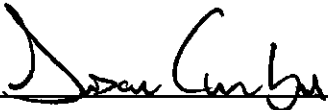
SUSAN COMBS
Comptroller of Public Accounts
of the State of Texas

OFFICE OF COMPTROLLER
OF THE STATE OF TEXAS

I, Jonathan Gonzales, ☐ 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 24th day of July 2008, I signed the name of the Comptroller to the certificate of registration endorsed upon the:

Trinity River Authority of Texas General Improvement Revenue Bond, Series 2008,

numbered R-1, dated July 15, 2008, and that in signing the certificate of registration I used the following signature:



IN WITNESS WHEREOF I have executed this certificate this the 24th day of July 2008.



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 74563.

GIVEN under my hand and seal of office at Austin, Texas, this the 24th day of July 2008.



Susan Combs
Comptroller of Public Accounts
of the State of Texas

TAB 10

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 78205-3503
TELEPHONE: 210 225-2800
FACSIMILE: 210 225-2984

JUL 30 2008

**TRINITY RIVER AUTHORITY OF TEXAS GENERAL IMPROVEMENT
REVENUE BOND, SERIES 2008, DATED JULY 15, 2008, IN THE PRINCIPAL
AMOUNT OF \$3,600,000**

AS BOND COUNSEL FOR THE ISSUER (the "Issuer") of the Bond described above (the "Bond"), we have examined into the legality and validity of the Bond, which bears interest from the date of initial delivery of the Bond, until maturity or redemption, at the rate and payable on the dates as stated in the text of the Bond, and mature and are subject to redemption prior to maturity, all in accordance with the terms and conditions stated in the text of the Bond and as provided in the resolution of the Issuer authorizing the issuance of the Bond and the Certificate of General Manager relating thereto (collectively, the "Bond Resolution").

WE HAVE EXAMINED the Constitution and laws of the State of Texas, certified copies of the proceedings of the Issuer and other documents authorizing and relating to the issuance of said Bond, including executed Bond Number R-1.

BASED ON SAID EXAMINATION, it is our opinion that the Bond has 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, the covenants and agreements in the Bond Resolution constitute valid and binding obligations of the Issuer, and the Bond constitutes a valid and legally binding special obligation of the Issuer which is secured by and payable from a first lien on and pledge of the Revenues and Net Revenues received by the Issuer from the Pledged Revenue System, which now consists of 50% of all future Water Sales deposited by the Issuer into the Water Sales Special Revenue Fund, plus 30% of the Issuer's Administrative Overhead Charges, received as revenues pursuant to various contracts and bond resolutions, as described and defined in the Bond Resolution.

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 payable from and secured by a first lien on and pledge of, the aforesaid revenues.

THE ISSUER also has reserved the right to amend the Bond Resolution with the approval of the owners of a majority in principal amount of the outstanding Bond, subject to the restrictions stated in the Bond Resolution.

THE REGISTERED OWNER of the Bond shall never have the right to demand payment of the principal thereof or interest thereon out of any funds raised or to be raised by taxation, or from any source whatsoever other than specified in the Bond Resolution.

IT IS FURTHER OUR OPINION, except as discussed below, that the interest on the Bond 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 Bond is not a "specified private activity bond" and that, accordingly, interest on the Bond 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, certain representations, the accuracy of which we have not independently verified, and assume compliance with certain covenants, regarding the use and investment of the proceeds of the Bond and the use of the property financed therewith. We call your attention to the fact that if such representations are determined to be inaccurate or upon a failure by the Issuer to comply with such covenants, interest on the Bond may become includable in gross income retroactively to the date of issuance of the Bond.

WE CALL YOUR ATTENTION TO THE FACT that the interest on tax-exempt obligations, such as the Bond, 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 Bond.

WE EXPRESS NO OPINION as to any insurance policies issued with respect to the payments due for the principal of and interest on the Bond, nor as to any such insurance policies issued in the future.

OUR SOLE ENGAGEMENT in connection with the issuance of the Bond is as Bond Counsel for the Issuer, and, in that capacity, we have been engaged by the Issuer for the sole purpose of rendering an opinion with respect to the legality and validity of the Bond under the Constitution and laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Bond for federal income tax purposes, 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 adequacy of the pledged revenues, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Bond and have relied solely on certificates executed by officials of the Issuer as to the current outstanding indebtedness of, and sufficiency of the pledged 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 Bond. 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 Bond as includable in gross income for federal income tax purposes.

Respectfully,

per Call, R. M. & Huston C. C. P.

TAB 11

LAW OFFICES

McCALL, PARKHURST & HORTON L.L.P.

600 CONGRESS AVENUE
SUITE 1800
AUSTIN, TEXAS 78701-3248
TELEPHONE: 512 478-3808
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

October 29, 2008

CERTIFIED MAIL RRR: 7007 3020 0000 2467 8091

Internal Revenue Service Center
Ogden, Utah 84201

Re: Information Reporting - Tax-Exempt Bonds
Trinity River Authority of Texas
General Improvement Revenue Bonds, Series 2008

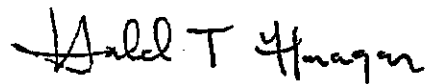
Ladies and Gentlemen:

Pursuant to the requirements of Section 149(e) of the Internal Revenue Code of 1986, enclosed please find an original and a photocopy of Form 8038-G which is hereby submitted to you for the above-captioned bonds issued July 30, 2008.

Please file the original and return the "Acknowledgment Copy" of Form 8038-G to the undersigned in the enclosed self-addressed, postage paid envelope.

Sincerely,

McCALL, PARKHURST & HORTON L.L.P.



Harold T. Flanagan

HTF: ved
Enclosures
cc: Mr. G. Charles Kobdich

Information Return for Tax-Exempt Governmental Obligations

► Under Internal Revenue Code section 149(e)

► See separate instructions.

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

OMB No. 1545-0720

Part I Reporting Authority		If Amended Return, check here ► <input type="checkbox"/>	
1 Issuer's name TRINITY RIVER AUTHORITY OF TEXAS	2 Issuer's employer identification number 75 6005084		
3 Number and street (or P.O. box if mail is not delivered to street address) PO BOX 240	Room/suite	4 Report number 3 04	6 Date of issue 7-30-08
5 City, town, or post office, state, and ZIP code ARLINGTON, TEXAS 76004		8 CUSIP number NONE	
7 Name of issue GENERAL IMPROVEMENT REVENUE BONDS, SERIES 2008		10 Telephone number of officer or legal representative (817) 493-5100	
9 Name and title of officer or legal representative whom the IRS may call for more information WARREN N. BREWER, REGIONAL MANAGER, NORTHERN REGION			

Part II Type of Issue (check applicable box(es) and enter the issue price) See instructions and attach schedule	
11 <input type="checkbox"/> Education	11
12 <input type="checkbox"/> Health and hospital	12
13 <input type="checkbox"/> Transportation	13
14 <input type="checkbox"/> Public safety	14
15 <input type="checkbox"/> Environment (including sewage bonds)	15
16 <input type="checkbox"/> Housing	16
17 <input type="checkbox"/> Utilities	17
18 <input checked="" type="checkbox"/> Other. Describe ► ADMIN BUILDING	18 3,600,000
19 If obligations are TANs or RANs, check box ► <input type="checkbox"/> If obligations are BANs, check box ► <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 8-01-2028	\$ 3,600,000	\$ 3,600,000	11.994 years	4.6440 %

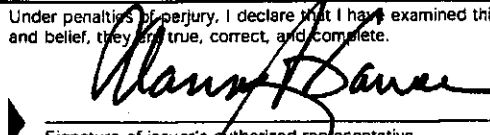
Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)	
22 Proceeds used for accrued interest	22 -0-
23 Issue price of entire issue (enter amount from line 21, column (b))	23 3,600,000
24 Proceeds used for bond issuance costs (including underwriters' discount)	24 60,000
25 Proceeds used for credit enhancement	25 -0-
26 Proceeds allocated to reasonably required reserve or replacement fund	26 -0-
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 60,000
30 Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	30 3,540,000

Part V Description of Refunded Bonds (Complete this part only for refunding bonds.)		N/A
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	►	
34 Enter the date(s) the refunded bonds were issued	►	

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 (see instructions)	36a -0-
b Enter the final maturity date of the guaranteed investment contract	►
37 Pooled financings: a Proceeds of this issue that are to be used to make loans to other governmental units	37a -0-
b If this issue is a loan made from the proceeds of another tax-exempt issue, check box ► <input type="checkbox"/> and enter the name of the issuer ► and the date of the issue ►	N/A
38 If the issuer has designated the issue under section 265(b)(3)(B)(i)(iii) (small issuer exception), check box	► <input type="checkbox"/>
39 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box	► <input type="checkbox"/>
40 If the issuer has identified a hedge, check box	► <input type="checkbox"/>

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.

Sign Here

 **7-30-08** **DANNY VANCE, GENERAL MANAGER**

Signature of issuer's authorized representative Date Type or print name and title