

## OFFICIAL STATEMENT

Dated June 21, 2018

**Ratings:**  
**S&P: “AAA”**  
(see “OTHER INFORMATION  
– Ratings” herein)

### NEW ISSUE – Book-Entry-Only

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

**THE BONDS WILL NOT BE DESIGNATED AS “QUALIFIED TAX-EXEMPT OBLIGATIONS”  
FOR FINANCIAL INSTITUTIONS**

**\$7,675,000**  
**TRINITY RIVER AUTHORITY OF TEXAS**  
**MOUNTAIN CREEK REGIONAL WASTEWATER SYSTEM**  
**REVENUE BONDS, SERIES 2018**

**Dated Date: June 15, 2018**

**Due: August 1, as shown on Page ii**

**Interest to accrue from Delivery Date**

**PAYMENT TERMS** . . . Interest on the \$7,675,000 Trinity River Authority of Texas Mountain Creek Regional Wastewater System Revenue Bonds, Series 2018 (the “Bonds”) will accrue from the date they are initially delivered (the “Delivery Date”) to the underwriters listed below (the “Underwriters”), will be payable on February 1, 2019, on August 1 and February 1 of each year thereafter until maturity or prior redemption, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company (“DTC”) pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or integral multiples thereof within a maturity. **No physical delivery of the Bonds will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds (see “THE BONDS – Book-Entry-Only System” herein). The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (see “THE BONDS – Paying Agent/Registrar”).

**AUTHORITY FOR ISSUANCE** . . . The Bonds are issued pursuant to the provisions of Chapter 518, Acts of the 54th Texas Legislature, Regular Session, 1955, as amended, Chapter 30, Texas Water Code, as amended, Chapter 1371, Texas Government Code, as amended, and a bond resolution authorizing the issuance of the Bonds (the “Bond Resolution”) adopted by the Board of Directors (the “Board”) of the Trinity River Authority of Texas (the “Authority” or “Issuer”) on April 25, 2018. In the Bond Resolution, the Board delegated to an officer of the Authority (the “Authorized Officer”) the authority to complete the sale of the Bonds. The terms of the sale are included in a “Pricing Certificate” which has been executed by the Authorized Officer, and which completes the sale of the Bonds (the Bond Resolution and the Pricing Certificate are jointly referred to as the “Resolution”). Under the Constitution and the statutes of the State of Texas, the Authority has broad powers to effectuate flood control and the conservation and use for all beneficial purposes of storm and flood waters in the Trinity River watershed, and as a necessary aid to these purposes, the Authority has specific authority to construct, own and operate water and wastewater treatment, collection and transportation systems, and to make contracts in reference thereto with municipalities and others.

**PURPOSE** . . . Proceeds from the sale of the Bonds will be used for the purpose of providing funds (i) to acquire and construct improvements and extensions to the Mountain Creek Regional Wastewater System (the “System”) to provide wastewater disposal services to the Contracting Parties (as defined herein); (ii) to fund the debt service reserve fund; and (iii) to pay costs associated with the issuance of the Bonds.

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**CUSIP PREFIX: 896572**  
**MATURITY SCHEDULE & 9 DIGIT CUSIP**  
**See Schedule on Page ii**

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

**DELIVERY** . . . It is expected that the Bonds will be available for delivery through the facilities of DTC on or about July 12, 2018.

**Blaylock Van, LLC**

**FTN**  
**Financial Capital Markets**

**MATURITY SCHEDULE**

Maturity (August 1)	Principal Amount	Interest Rate	Initial Yield	CUSIP Suffix <sup>(1)</sup>
2019	\$195,000	5.000%	1.530%	CS1
2020	260,000	5.000	1.730	CT9
2021	275,000	5.000	1.910	CU6
2022	290,000	5.000	2.020	CV4
2023	300,000	5.000	2.160	CW2
2024	325,000	5.000	2.300	CX0
2025	340,000	5.000	2.440	CY8
2026	355,000	5.000	2.550	CZ5
2027	370,000	5.000	2.650	DA9
2028	395,000	5.000	2.730	DB7
2029	395,000	3.000	3.120	DC5
2030	405,000	3.000	3.160	DD3
2031	415,000	3.000	3.290	DE1
2032	430,000	3.125	3.330	DF8
2033	445,000	5.000	2.950*	DG6
2034	465,000	3.250	3.480	DH4
2035	475,000	3.250	3.520	DJ0
2036	495,000	3.375	3.600	DK7
2037	510,000	3.375	3.620	DL5
2038	535,000	5.000	3.110*	DM3

\*Yield shown is the yield to the first optional call date, August 1, 2028.

**(Interest to accrue from the Delivery Date)**

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

**OPTIONAL REDEMPTION** . . . The Authority reserves the right, at its option, to redeem Bonds having stated maturities on and after August 1, 2029, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on August 1, 2028, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see “THE BONDS – Redemption – Optional Redemption”).

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

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

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

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

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

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

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

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

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

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

## OFFICIAL STATEMENT SUMMARY

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

- THE AUTHORITY**..... The Trinity River Authority of Texas (the “Authority” or “Issuer”) is a governmental agency of the State of Texas and a body politic and corporate, created as a conservation and reclamation district under Article XVI, Section 59 of the Texas Constitution pursuant to Chapter 518, Acts of the 54th Texas Legislature, Regular Session, 1955, as amended. The Authority is governed by a Board (the “Board”) of 25 directors who are appointed by the Governor for six-year terms.
- THE BONDS**..... The Bonds are issued as \$7,675,000 Mountain Creek Regional Wastewater System Revenue Bonds, Series 2018. The Bonds are issued as serial bonds maturing on August 1 in each of the years 2019 through 2038, inclusive, (see “THE BONDS – Description of the Bonds”).
- PAYMENT OF INTEREST**..... Interest on the Bonds accrues from the date they are initially delivered to the Underwriters, and is payable February 1, 2019, and each August 1 and February 1 thereafter until maturity or prior redemption (see “THE BONDS – Description of the Bonds”).
- AUTHORITY FOR ISSUANCE**..... The Bonds are issued pursuant to the provisions of Chapter 518, Acts of the 54th Texas Legislature, Regular Session, 1955, as amended, Chapter 30, Texas Water Code, as amended, Chapter 1371, Texas Government Code, as amended, and a bond resolution authorizing the issuance of the Bonds (the “Bond Resolution”) adopted by the Board on April 25, 2018. In the Bond Resolution, the Board delegated to an officer of the Authority (the “Authorized Officer”) the authority to complete the sale of the Bonds. The terms of the sale are included in a “Pricing Certificate” which has been executed by the Authorized Officer, and which completes the sale of the Bonds (the Bond Resolution and the Pricing Certificate are jointly referred to as the “Resolution”) (see “THE BONDS – Authority for Issuance”).
- SECURITY FOR THE BONDS**..... The Bonds constitute special obligations of the Authority, payable both as to principal and interest, and secured by a first lien on a pledge of the Pledged Revenues of the Authority under the Contracts entered into with the Contracting Parties (see “THE BONDS – Security and Source of Payment”).
- REDEMPTION**..... The Authority reserves the right, at its option, to redeem Bonds having stated maturities on and after August 1, 2029, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on August 1, 2028 or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see “THE BONDS – Redemption – Optional Redemption”).
- TAX EXEMPTION**..... In the opinion of Bond Counsel, the interest on the Bonds will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under the caption “TAX MATTERS” herein.
- USE OF PROCEEDS**..... Proceeds from the sale of the Bonds will be used for the purpose of providing funds (i) to acquire and construct improvements and extensions to the Mountain Creek Regional Wastewater System (the “System”) to provide wastewater disposal system services to the Contracting Parties (as defined herein); (ii) to fund the debt service reserve fund; and (iii) to pay costs associated with the issuance of the Bonds.
- RATINGS**..... The Bonds are rated “AAA” by S&P Global Ratings, a division of S&P Global Inc., (“S&P”). The Outstanding Parity Bonds of the Authority are rated “AAA” by S&P, without regard to credit enhancement (see “OTHER INFORMATION – Ratings”).

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

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

For additional information regarding the Authority, please contact:

Ms. Fiona M. Allen, P.E.  
Trinity River Authority of Texas  
Northern Region  
P.O. Box 240  
Arlington, Texas 76004  
(817) 493-5100

or

Mr. W. Boyd London, Jr.  
Ms. Mary Williams  
Hilltop Securities Inc.  
1201 Elm Street, Suite 3500  
Dallas, Texas 75270  
(214) 953-4000

## AUTHORITY OFFICIALS, STAFF AND CONSULTANTS

<b>Board Members</b>	<b>Position</b>	<b>Area Represented</b>
Christina Melton Crain	President and Member, Executive Committee	Dallas County
Kevin Maxwell	Vice President and Member, Executive Committee	Houston County
David B. Leonard	Chairman, Executive Committee	Liberty County
Tommy G. Fordyce	Chairman, Administration and Audit Committee and Member, Executive Committee	Walker County
John W. Jenkins	Chairman, Resources Development Committee and Member, Executive Committee	Chambers County
Jess A. Laird	Chairman, Legal and Public Policy Committee and Member, Executive Committee	Henderson County
C. Dwayne Somerville	Chairman, Utility Services Committee and Member, Executive Committee	Freestone County
Harold L. Barnard	Member, Legal and Public Policy Committee	Ellis County
Whitney D. Beckworth	Member, Utility Services Committee	Director at Large
Henry Borbolla III	Member, Utility Services Committee	Tarrant County
Steve Cronin	Member, Resources Development Committee	San Jacinto County
Amanda B. Davis	Member, Legal and Public Policy Committee	Leon County
Martha A. Hernandez	Member, Legal and Public Policy Committee	Tarrant County
Victoria K. Lucas	Member, Legal and Public Policy Committee	Kaufman County
Dennis “Joe” McCleskey	Member, Resources Development Committee	Trinity County
Robert F. McFarlane, M.D.	Member, Resources Development Committee	Director at Large
James W. Neale	Member, Resources Development Committee	Dallas County
Manny Rachal	Member, Utility Services Committee	Polk County
William O. Rodgers	Member, Administration and Audit Committee	Tarrant County
Amir A. Rupani	Member, Administration and Audit Committee	Director at Large
Ana Laura Saucedo	Member, Utility Services Committee	Dallas County
Dudley K. Skyrme	Member, Resources Development Committee	Anderson County
J. Carol Spillars	Member, Administration and Audit Committee	Madison County
Frank H. Steed, Jr.	Member, Administration and Audit Committee	Navarro County
Edward C. Williams III	Member, Utility Services Committee	Dallas County

### Management Officers

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

### Consultants and Advisors

Authority Counsel .....	Booth, Ahrens & Werkenthin, P.C. ....	Austin, Texas
Independent Auditors .....	Weaver and Tidwell, LLP .....	Dallas, Texas
Bond Counsel .....	McCall, Parkhurst & Horton L.L.P .....	Dallas, Texas
Financial Advisor .....	Hilltop Securities Inc. ....	Dallas, Texas

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**OFFICIAL STATEMENT**  
**RELATING TO**  
**\$7,675,000**  
**TRINITY RIVER AUTHORITY OF TEXAS**  
**MOUNTAIN CREEK REGIONAL WASTEWATER SYSTEM**  
**REVENUE BONDS, SERIES 2018**

**INTRODUCTION**

This Official Statement, which includes the Appendices hereto, provides certain information regarding the issuance of \$7,675,000 Trinity River Authority of Texas Mountain Creek Regional Wastewater System Revenue Bonds, Series 2018 (the “Bonds”). Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Resolution (defined herein), except as otherwise indicated herein (see “SELECTED PROVISIONS OF THE RESOLUTION”).

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

**Description of the Authority**

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

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

**PLAN OF FINANCING**

**Purpose**

Proceeds from the sale of the Bonds will be used for the purpose of providing funds (i) to acquire and construct improvements and extensions to the Mountain Creek Regional Wastewater System (the “System”) to provide wastewater disposal system services to cities and others; (ii) to fund the debt service reserve fund; and (iii) to pay costs associated with the issuance of the Bonds.

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## Sources and Uses of Bond Proceeds

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

### Sources of Funds

Par Amount of Bonds	\$ 7,675,000.00
Net Reoffering Premium	510,411.90
<b>Total Sources of Funds</b>	<b>\$ 8,185,411.90</b>

### Uses of Funds:

Deposit to Project Fund	\$ 7,370,980.00
Deposit to Reserve Fund	541,444.84
Underwriters' Discount	71,883.18
Costs of Issuance	201,103.88
<b>Total Uses of Funds</b>	<b>\$ 8,185,411.90</b>

## THE BONDS

### Description of the Bonds

The Bonds are dated June 15, 2018, and mature on August 1 in each of the years and in the amounts shown on page ii hereof. Interest will accrue from the date they are initially delivered to the Underwriters, will be payable on February 1, 2019, and on August 1 and February 1 of each year thereafter until maturity or prior redemption, and will be computed on the basis of a 360-day year of twelve 30-day months. The definitive Bonds will be issued only in fully registered form in any integral multiple of \$5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds (see "THE BONDS – Book-Entry-Only System" herein).

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

### Authority for Issuance

The Bonds are being issued pursuant to the provisions of Chapter 518, Acts of the 54th Texas Legislature, Regular Session, 1955, as amended, Chapter 30, Texas Water Code, as amended, Chapter 1371, Texas Government Code, as amended, and other applicable laws, and a bond resolution authorizing the issuance of the Bonds (the "Bond Resolution") adopted by the Board on April 25, 2018. In the Bond Resolution, the Board delegated to an officer of the Authority (the "Authorized Officer") the authority to complete the sale of the Bonds. The terms of the sale are included in a "Pricing Certificate" which has been executed by the Authorized Officer and which completes the sale of the Bonds (the Bond Resolution and the Pricing Certificate are jointly referred to as the "Resolution"). The Bonds are "Additional Bonds" permitted to be issued by the resolutions of the Board authorizing the issuance of the currently outstanding Mountain Creek Regional Wastewater System Revenue Bonds.

## **Security and Source of Payment**

The Cities of Grand Prairie, Mansfield, Midlothian and Venus, Texas (the “Contracting Parties”) have contracted with the Authority to make payments sufficient to pay debt service on the Bonds and the debt service on any Additional Bonds that are issued for any lawful purpose related to the System (see “SELECTED PROVISIONS OF THE RESOLUTION”). The Contracting Parties will pay their obligation to the Authority out of moneys received from the operation of their Water and Sewer Systems, said obligation to be an operation and maintenance expense of each Contracting Parties’ Water and Sewer Systems, which is senior to their Water and Sewer Revenue debt. The Bonds are payable from and secured by a first lien on and pledge of the Pledged Revenues of the Authority under the Contracts with the Contracting Parties as described above. The Authority has no taxing power. No taxes are pledged to the Bonds.

The expense of operating the Authority’s Mountain Creek Regional Wastewater System, including administrative overhead and the amount necessary to pay debt service on any outstanding bonds, is reduced to a cost in cents per 1,000 gallons of sewage deposited into the System. Each Contracting Party is then billed monthly according to their projected annual flow with provisions for adjustment. The Fiscal Provisions of the Contracts with the Authority are summarized in this Official Statement.

Actual net cost to the Contracting Parties for wastewater treatment for fiscal year 2017 was \$3.473 per 1,000 gallons. Estimated net cost of wastewater treatment to the Contracting Parties for billing purposes for fiscal year 2018 is \$3.768 per 1,000 gallons.

## **Reserve Fund**

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

## **Redemption**

**Optional Redemption.** The Authority reserves the right, at its option, to redeem Bonds having stated maturities on and after August 1, 2029, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on August 1, 2028 or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Bonds are to be redeemed, the Authority may select the maturities of the Bonds to be redeemed. If less than all of the Bonds of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Bonds are in Book-Entry-Only form) shall determine by lot the Bonds, or portions thereof, within such maturity to be redeemed.

## **Notice of Redemption**

At least 30 days prior to the date fixed for any redemption of Bonds or portions thereof prior to maturity a written notice of such redemption shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, to the registered owner of each Bond to be redeemed at its address as it appeared on the day such notice of redemption is mailed and to major securities depositories, national bond rating agencies and any national information service that disseminates redemption notices; provided, however, that the failure of the registered owner to receive such notice, or any defect therein or in the sending or mailing thereof, shall not affect the validity or effectiveness of the proceedings for the redemption of any Bond. By the date fixed for any such redemption due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for the Bonds or portions thereof which are to be so redeemed. If such written notice of redemption is published and if due provision for such payment is made, all as provided above, the Bonds or portions thereof which are to be so redeemed thereby automatically shall be treated as redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the registered owner to receive the redemption price from the Paying Agent/Registrar out of the funds provided for such payment. If a portion of any Bond shall be redeemed a substitute Bond or Bonds having the same

maturity date, bearing interest at the same rate, in any denomination or denominations in any integral multiple of \$5,000, at the written request of the registered owner, and in aggregate principal amount equal to the unredeemed portion thereof, will be issued to the registered owner upon the surrender thereof for cancellation, at the expense of the Issuer, all as provided in the Resolution.

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

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

### **Defeasance**

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

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

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

### **Book-Entry-Only System**

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

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

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

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

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

ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

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

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

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

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

#### **Paying Agent/Registrar**

The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas. In the Resolution, the Authority retains the right to replace the Paying Agent/Registrar. The Authority covenants to

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

### **Transfer, Exchange and Registration**

In the event the Book Entry Only System should be discontinued, the Bonds will be printed and delivered to the beneficial owners thereof, and thereafter the Bonds may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender to the Paying Agent/Registrar and such transfer or exchange shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. Bonds may be assigned by the execution of an assignment form on the respective Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bonds being transferred or exchanged, at the designated office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Bonds to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Bonds registered and delivered in an exchange or transfer shall be in any integral multiple of \$5,000 for any one maturity and for a like aggregate designated amount as the Bonds surrendered for exchange or transfer. See "THE BONDS – Book Entry Only System" herein for a description of the system to be utilized initially in regard to ownership and transferability of the Bonds.

### **Limitation on Transfer of Bonds**

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

### **Record Date for Interest Payment**

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

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

### **Bondholders' Remedies**

The Resolution does not specify events of default with respect to the Bonds. If the Authority defaults in the payment of principal, interest, or redemption price on the Bonds when due, or the Authority defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Resolution, the registered owners may seek a writ of mandamus to compel the Authority or Authority officials to carry out the legally imposed duties with respect to the Bonds if there is no other available remedy at law to compel performance of the Bonds or the Resolution and the Authority's obligations are not uncertain or disputed. The issuance of a writ of mandamus is controlled by equitable principles, so rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Resolution does not provide for the appointment of a trustee to represent the interest of the Bondholders upon any failure of the Authority to perform in accordance with

the terms of the Resolution, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners. On June 30, 2006, the Texas Supreme Court ruled in *Tooke v. City of Mexia*, 197 S.W. 3<sup>rd</sup> 325 (Tex. 2006), that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in “clear and unambiguous” language. Because it is unclear whether the Texas legislature has effectively waived the Authority’s sovereign immunity from a suit for money damages, Bondholders may not be able to bring such a suit against the Authority for breach of the Bonds or Resolution covenants in the absence of Authority action. Chapter 1371, Texas Government Code (“Chapter 1371”), which pertains to the issuance of public securities by issuers such as the Authority, permits the Authority to waive sovereign immunity in the proceedings authorizing its bonds, but in connection with the issuance of the Bonds, the Authority has not waived sovereign immunity. Even if a judgment against the Authority could be obtained, it could not be enforced by direct levy and execution against the Authority’s property. Further, the registered owners cannot themselves foreclose on property within the Authority or sell property within the Authority to enforce the any lien on property to pay the principal of and interest on the Bonds. Furthermore, the Authority is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code (“Chapter 9”). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, such provision is subject to judicial construction. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or Bondholders of an entity which has sought protection under Chapter 9. Therefore, should the Authority avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Bonds are qualified with respect to the customary rights of debtors relative to their creditors.

## **THE SYSTEM**

### **The Plant**

The System provides regional wastewater collection and treatment services to the cities of Grand Prairie, Mansfield, Midlothian and Venus, Texas and other contracting parties that may be added to the Authority’s Mountain Creek Regional Wastewater System contract. The System currently features a 3.0 MGD wastewater treatment plant, that was placed in service in 2002.

Each of the Contracting Parties agree to pay a percent of operating costs, including debt service, based on actual metered contributing flow with a minimum of:

City of Grand Prairie: 21,900,000 gallons  
City of Mansfield: 22,265,000 gallons  
City of Midlothian: 256,230,000 gallons  
City of Venus: 61,320,000 gallons

See “SELECTED CONTRACT PROVISIONS.”

### **The Project**

Ongoing capital improvement needs will require funding. These include several projects which involve the rehabilitation of treatment facilities and the collection system, as well as projects that satisfy effluent quality regulations.

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### Mountain Creek Regional Wastewater System Enterprise Fund

	Fiscal Year Ended November 30,				
	2017	2016	2015	2014	2013
Total Operating Revenue	\$2,496,067	\$2,292,371	\$2,040,218	\$1,902,601	\$1,576,326
Operating Expenses (Exclusive of Depreciation)	(1,583,595)	(1,522,658)	(1,388,190)	(1,211,155)	(1,137,294)
Net Non-Operating Revenues/(Expenses) (Exclusive of Interest and Amortization Expenses)	25,323	9,942	5,872	(3,550)	3,968
Net Funds Available for Debt Service	\$937,795	\$779,655	\$657,900	\$687,896	\$443,000

For additional information with respect to the System's operating data, see APPENDIX C, "Certain Financial and Operating Data of Mountain Creek Regional Wastewater System Enterprise Fund."

#### Anticipated Issuance of Additional System Revenue Bonds

The Authority has plans to issue \$57.469 million in bonds for certain treatment plant and collection system improvements for the System during the next 5 years.

See "SELECTED PROVISIONS OF THE RESOLUTION" for more details on the Authority's ability to issue Additional Bonds.

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## DEBT INFORMATION

### Debt Service Requirements\*

Fiscal Year	Outstanding Parity Bonds Debt Service <sup>(1)</sup>			The Bonds			Total
Ending							Outstanding
November 30	Principal	Interest	Total	Principal	Interest	Total	Debt Service
2018	\$ 745,000	\$ 180,755	\$ 925,755	\$ -	\$ -	\$ -	\$ 925,755
2019	775,000	342,863	1,117,863	195,000	335,422	530,422	1,648,284
2020	795,000	322,318	1,117,318	260,000	308,856	568,856	1,686,174
2021	445,000	300,210	745,210	275,000	295,856	570,856	1,316,066
2022	455,000	292,138	747,138	290,000	282,106	572,106	1,319,244
2023	465,000	283,208	748,208	300,000	267,606	567,606	1,315,814
2024	480,000	273,105	753,105	325,000	252,606	577,606	1,330,711
2025	495,000	262,125	757,125	340,000	236,356	576,356	1,333,481
2026	515,000	249,780	764,780	355,000	219,356	574,356	1,339,136
2027	530,000	236,215	766,215	370,000	201,606	571,606	1,337,821
2028	545,000	221,388	766,388	395,000	183,106	578,106	1,344,494
2029	565,000	205,670	770,670	395,000	163,356	558,356	1,329,026
2030	590,000	189,368	779,368	405,000	151,506	556,506	1,335,874
2031	610,000	171,833	781,833	415,000	139,356	554,356	1,336,189
2032	635,000	153,408	788,408	430,000	126,906	556,906	1,345,314
2033	660,000	133,293	793,293	445,000	113,469	558,469	1,351,761
2034	685,000	113,403	798,403	465,000	91,219	556,219	1,354,621
2035	710,000	92,130	802,130	475,000	76,106	551,106	1,353,236
2036	695,000	69,760	764,760	495,000	60,669	555,669	1,320,429
2037	725,000	47,520	772,520	510,000	43,963	553,963	1,326,483
2038	760,000	24,320	784,320	535,000	26,750	561,750	1,346,070
	<u>12,880,000</u>	<u>4,164,805</u>	<u>17,044,805</u>	<u>7,675,000</u>	<u>3,576,178</u>	<u>11,251,178</u>	<u>28,295,983</u>

<sup>(1)</sup> Outstanding Principal by Series as of July 12, 2018:

Series 2009	\$ 1,415,000
Series 2011	9,805,000
Series 2016	1,660,000
Total	\$ 12,880,000

\*Totals may not add due to rounding

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## **SELECTED CONTRACT PROVISIONS**

**Following is a composite summary of certain provisions of the Contracts. Reference is hereby made to the full and complete Contracts for further information, copies of which are available upon request from the Financial Advisor. Certain provisions, including dates and other time references discussed below, are as specified in the Contracts and have not been revised to reflect more recent dates or time periods.**

### **Parties and Terms**

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

City of Grand Prairie, Texas (March 1, 2002)  
City of Mansfield, Texas (December 1, 2015)  
City of Midlothian, Texas (March 1, 2002)  
City of Venus, Texas (December 1, 2009)

The Contracts will remain in force and effect for the useful life of the System or until any Bonds, or any Bonds issued to refund same, have been paid in full whichever period is longer.

### **Certain Definitions**

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

“Additional Contracting Party” means any party which is not then a Contracting Party with which the Authority makes a contract for providing services of the System, provided that after execution of any such contract such party shall become one of the Contracting Parties.

“Adjusted Annual Payment” means the Annual Payment as adjusted during or after each Annual Payment Period.

“Advisory Committee” means the committee created to consult with and advise the Authority with respect to the System.

“Annual Payment” means the amount of money to be paid to the Authority by each of the Contracting Parties during each Annual Payment Period as its proportionate share of the Annual Requirement.

“Annual Payment Period” means the Authority’s Fiscal Year, which currently begins on December 1 of each calendar year and ends on the last day of November of the next calendar year.

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

“Bond Resolution” means any resolution of the Authority which authorizes any Bonds.

“Bonds” means all bonds, including extendable commercial paper, hereafter issued by the Authority, and the interest thereon, to acquire and construct the System (including all bonds issued to complete the acquisition and construction of the System), and/or for all bonds issued subsequently to improve, expand, extend, maintain, repair or replace the System, and any bonds issued to refund any Bonds or to refund any such refunding bonds.

“Contracting Parties” means the Initial Contracting Parties together with any other party or parties which hereafter become one of the Contracting Parties by becoming an Additional Contracting Party.

“Contracting Party” means any one of the Contracting Parties.

“Engineering Report” means engineering report of Schrickel, Rollins and Associates, Inc., entitled "Mountain Creek Regional Wastewater System Engineering Report", dated February, 2002.

“Operation and Maintenance Expenses” means all costs and expenses of operation and maintenance of the System, including repairs and replacements for which no special fund is created in the Bond Resolutions, operating personnel, the cost of utilities, the costs of supervision, engineering, accounting, auditing, legal services, supplies, services, administration of the System, including the Authority’s general overhead expenses attributable to the System, insurance premiums, equipment necessary for proper operation and maintenance of the System, and payments made by the Authority in satisfaction of judgments resulting from claims not covered by the Authority’s insurance arising in connection with the operation and maintenance of the System. The term does not include depreciation.

“System” means the regional wastewater transportation and treatment system described in the Engineering Report, and all improvements and additions to and extensions, enlargements, and replacements of such facilities which are deemed necessary and feasible by the Authority in order to transport, receive, treat, and dispose of wastewater from Contracting Parties and to comply with the requirements of the wastewater regulatory agencies of the State of Texas and the United States of America.

### **Fiscal Provisions**

(a) The Authority will provide and pay for the cost of the acquisition, construction, completion, improvement, expansion, maintenance, repair and replacement of the System and all System facilities, by issuing its Bonds in amounts which will be sufficient to accomplish such purposes, and the Authority will own and operate the System. It is acknowledged and agreed that payments to be made under the Contracts will be the primary source available to the Authority to provide the Annual Requirement, and that, in compliance with the Authority’s duty to fix and from time to time revise the rates of compensation or charges for services of the System rendered and made available by the Authority, the Annual Requirement will change from time to time, and that each such Annual Requirement shall be allocated among the Contracting Parties and that the Annual Requirement for each Annual Payment Period shall be provided for in each Annual Budget and shall at all times be not less than an amount sufficient to pay or provide for the payment of:

(A) An “Operation and Maintenance Component” equal to the amount paid or payable for all Operation and Maintenance Expenses of the System; and

(B) A “Bond Service Component” equal to:

(1) the principal of, redemption premium, if any, and interest on, its Bonds, as such principal, redemption premium, if any, and interest become due, less interest to be paid out of Bond proceeds or from other sources if permitted by any Bond Resolution, and all amounts required to redeem any Bonds prior to maturity when and as provided in any Bond Resolution, plus the fees, expenses, and charges of each Paying Agent/Registrar for paying the principal of and interest on the Bonds, and for authenticating, registering, and transferring Bonds on the registration books; and

(2) the proportionate amount of any special, contingency, or reserve funds required to be accumulated and maintained by the provisions of any Bond Resolution; and

(3) any amount in addition thereto sufficient to restore any deficiency in any of such funds required to be accumulated and maintained by the provisions of any Bond Resolution.

### **Operation and Maintenance; Annual Budget**

The Authority shall operate and maintain the System and shall prepare an Annual Budget for such purpose. Each Annual Budget for the System shall always provide for amounts sufficient to pay the Annual Requirement. The Annual Budget for the System for all or any part of the Annual Payment Period during which the System is first placed into operation shall be prepared by the Authority based on estimates made by the Authority after consultation with the Advisory Committee. On or before September 1 of each year, the Authority shall furnish to each Contracting Party a preliminary estimate of the Annual Payment required from each Contracting Party for the next following Annual Payment Period. Not less than forty days before the commencement of the Annual Payment Period, the Authority shall cause to be prepared as herein provided its preliminary budget for the System for the next ensuing Annual Payment Period, which budget shall specifically include the Operation and Maintenance Component and the Bond Service Component. A copy of such preliminary budget shall be filed with each Contracting Party. The preliminary budget shall be subject to examination, at reasonable times during business hours, at the office of the City Secretary of each Contracting Party that is a city or town, and at the then current business office of each other Contracting Party. If no

protest or request for a hearing on such preliminary budget is presented to the Authority within ten days after such filing of the preliminary budget by one or more Contracting Parties or by the owners of a minimum of 25% in principal amount of the Bonds then outstanding, the preliminary budget for the System shall be considered for all purposes as the "Annual Budget" for the next ensuing Annual Payment Period. But if protest or request for a hearing is duly filed, it shall be the duty of the Authority to fix the date and time for a hearing on the preliminary budget, and to give not less than ten days' notice thereof to the Contracting Parties. An appropriate Committee of the Authority shall consider the testimony and showings made in such hearing and shall report its findings to the Board of Directors of the Authority. The Board of Directors may adopt the preliminary budget or make such amendments thereof as to it may seem proper. The budget thus approved by the Board of Directors of the Authority shall be the Annual Budget for the next ensuing Annual Payment Period. The Annual Budget may be amended by the Authority at any time to transfer from one division thereof to another funds which will not be needed by such division. The amount for any division, or the amount for any purpose, in the Annual Budget may be increased by the Authority even though such action might cause the total amount of the Annual Budget to be exceeded; provided that such action shall be taken only in the event of an emergency or special circumstances. Copies of the amended Annual Budget and resolution shall be filed immediately by the Authority to each Contracting Party.

### **Payments by Contracting Parties**

(a) For the wastewater services to be provided to the Contracting Parties under the Contracts, each of the Contracting Parties shall pay, at the time and in the manner provided, its proportionate share of the Annual Requirement, and shall constitute a Contracting Party's Annual Payment. Each of the Contracting Parties shall pay its part of the Annual Requirement for each Annual Payment Period directly to the Authority, in monthly installments, on or before the 10th day of each month, in accordance with the schedule of payments furnished by the Authority.

(b) For each Annual Payment Period each Contracting Party's proportionate share of the Annual Requirement shall be a percentage obtained by dividing the number of gallons of contributing flow of wastewater estimated to be discharged into the System by such Contracting Party during such Annual Payment Period, as determined by the Authority after consultation with such Contracting Party, by the aggregate total number of gallons of contributing flow of wastewater estimated to be discharged into the System by all Contracting Parties during such periods, as determined by the Authority after consultation with all of the Contracting Parties. It is provided, however, that in estimating costs for services the Authority is specifically authorized, in its discretion, to estimate such costs based on an arbitrary assumption that the Annual Payment Period for which the calculation is being made will be an extremely dry year, rather than a normal or average year, and that accordingly the contributing flow of wastewater discharged into the System will be less than expected normally or on an average, all with the result that the monthly payments made by the Contracting Parties may be higher than would have been required on the basis of a normal or average year, and with the further result that the total amount required to meet the then current Annual Budget for the System may be collected by the Authority before the end of the then current Annual Payment Period. This result is expressly approved by the Contracting Parties to be beneficial in the fiscal management of the System, and will assure the timely availability of funds even under unexpected circumstances. However, upon receipt during any Annual Payment Period of an amount sufficient to meet the then current Annual Budget of the System for the remainder of the then current Annual Payment Period, the Authority immediately shall notify the Contracting Parties, and they shall not be obligated to make further payments for the remainder of that Annual Payment Period, unless otherwise provided in the event of unexpected or additional Annual Budget requirements. It is further provided that the Authority may revise its estimates of contributing flow either monthly or for any other period within an Annual Payment Period, as determined by the Authority, and such revised estimates may be made on the basis of actual metered contributing flow during the preceding month or other period, to the end that the Authority may use its best efforts to avoid to the extent practicable unnecessary final adjustments among the Contracting Parties for each Annual Payment Period. All such payments for each Annual Payment Period shall be made in accordance with a written schedule of payments for the appropriate Annual Payment Period which will be supplied to each of the Contracting Parties by the Authority. Such schedule of payments may be revised by the Authority periodically based on any changes in its estimates of contributing flow as provided above, and each revised schedule of payment shall be supplied to each Contracting Party before the beginning of the period to which it is applicable. At the close of each Annual Payment Period the Authority shall determine the actual metered number of gallons of contributing flow of wastewater discharged into the System by each Contracting Party during said period and determine each Contracting Party's actual percentage of the Annual Requirement by dividing such Contracting Party's actual metered contributing flow by the actual metered contributing flow of all Contracting Parties. Each Contracting Party's Adjusted Annual Payment shall be calculated by multiplying each such Contracting Party's redetermined percentage times the actual Annual Requirement. The difference between the amounts which actually have been paid by each Contracting Party and the amounts actually due from such Contracting Party hereunder shall be

applied as a credit or a debit to such Contracting Party's account with the Authority and shall be credited or debited to such Contracting Party's next monthly payment, or as otherwise agreed between the Authority and the affected Contracting Party, provided that all such credits and debits shall be made in a timely manner not later than the end of the next following Annual Payment Period.

(c) Notwithstanding the provisions of (b), above, and as an exception thereto, it is agreed that if, during any Annual Payment Period, the estimated and/or actual metered contributing flow of wastewater into the System of any Contracting Party is, for any reason whatsoever, less than the minimum amount hereinafter prescribed and provided for it, such Contracting Party shall pay its share of each Annual Requirement as if its estimated and/or actual metered contributing flow of wastewater into the System were such minimum amount. However, if such Contracting Party's estimated and/or actual metered contributing flow of wastewater into the System is equal to or in excess of such minimum amount, its share of all of each Annual Requirement shall be calculated on the basis of estimated and actual contributing flow as provided in (b), above. All future contracts with each Additional Contracting Parties shall provide for equitable minimums similar to those provided for below. For the purpose of calculating the minimum percentage of each Annual Requirement for which each current Contracting Party is unconditionally liable, without offset or counterclaim (as stated herein), the contributing flow of wastewater into the System of each such Contracting Party, during each Annual Payment Period, shall be deemed to be not less than the minimum amount (regardless of whether or not such amount was actually discharged into the System) specified for such Contracting Party as follows and determined on an annual basis:

City of Grand Prairie	21,900,000 gallons	(Fiscal Years 2008 and thereafter)
City of Midlothian	256,230,000 gallons	
City of Venus	61,320,000 gallons	(Fiscal Years 2010 and thereafter)
City of Mansfield	22,265,000 gallons	(Fiscal Years 2018 and 2019)
	22,995,000 gallons	(Fiscal Year 2020)
	23,725,000 gallons	(Fiscal Years 2021 and thereafter)

(d) Notwithstanding the foregoing, the Annual Requirement, and each Contracting Party's share thereof, shall be redetermined, after consultation with each of the Contracting Parties, at any time during any Annual Payment Period, to the extent deemed necessary or advisable by the Authority, if:

- (i) The Authority commences furnishing services of the System to an Additional Contracting Party or Parties;
- (ii) Unusual, extraordinary or unexpected expenditures for Operation and Maintenance Expenses are required which are not provided for in the Authority's Annual Budget for the System or in any Bond Resolution;
- (iii) Operation and Maintenance Expenses are substantially less than estimated;
- (iv) The Authority issues Bonds which require an increase in the Bond Service Component of the Annual Payment; or
- (v) The Authority receives either significantly more or significantly less revenues or other amounts than those anticipated.

(e) During each Annual Payment Period all revenues received by the Authority from providing services of the System to parties which are not Contracting Parties, and all surcharges collected from any Contracting Party shall (i) first be credited to the Operation and Maintenance Component of the Annual Requirement, and (ii) then any remainder credited to the Bond Service Component of the Annual Requirement, with the result that such credits under (i) and (ii), respectively, shall reduce, to the extent of such credits, the amounts of such Components, respectively, which otherwise would be payable by the Contracting Parties pursuant to the method prescribed in (b) and (c), above. The Authority may estimate all such credits which it expects to make during each Annual Payment Period in calculating each Annual Payment.

(f) Each Contracting Party shall make payments to the Authority on or before the 10th day of each month of each Annual Payment Period. If any Contracting Party at any time disputes the amount to be paid by it to the Authority, such complaining party shall nevertheless promptly make such payment or payments, but if it is subsequently determined by agreement or court decision that such disputed payments made by such complaining party should have been less, or more, the Authority shall promptly revise and reallocate the charges among all Contracting Parties in such manner that such complaining party will recover its overpayment or the Authority will recover the amount due it. All amounts due

and owing to the Authority by each Contracting Party or due and owing to any Contracting Party by the Authority shall, if not paid when due, bear interest at the rate of ten (10) percent per annum from the date when due until paid. The Authority shall, unless specifically prohibited by law, discontinue the services of the System to any Contracting Party which remains delinquent in any payments due hereunder for a period of sixty days, and shall not resume such services while such Contracting Party is so delinquent. It is further provided and agreed that if any Contracting Party should remain delinquent in any payments due hereunder for a period of one hundred twenty days, and if such delinquency continues during any period thereafter, such Contracting Party's minimum amount of gallons of wastewater specified and described in (c), above, shall be deemed to have been zero gallons during all periods of such delinquency, for the purpose of calculating and redetermining the percentage of each Annual Payment to be paid by the non-delinquent Contracting Parties, and the Authority shall redetermine such percentage on that basis in such event so that the non-delinquent Contracting Parties collectively shall be required to pay all of the Annual Requirement. However, the Authority shall pursue all legal remedies against any such delinquent Contracting Party to enforce and protect the rights of the Authority, the other Contracting Parties, and the holders of the Bonds and such delinquent Contracting Party shall not be relieved of the liability to the Authority for the payment of all amounts which would have been due hereunder, in the absence of the next preceding sentence. It is understood that the foregoing provisions are for the benefit of the holders of the Bonds so as to insure that all of the Annual Requirement will be paid by the non-delinquent Contracting Parties during each Annual Payment Period regardless of the delinquency of a Contracting Party. If any amount due and owing by any Contracting Party to the Authority is placed with an attorney for collection, such Contracting Party shall pay to the Authority all attorneys' fees, in addition to all other payments provided for herein, including interest.

(g) If, during any Annual Payment Period, any Contracting Party's Annual Payment is redetermined in any manner as provided or required in this Section, the Authority will promptly furnish such Contracting Party with an updated schedule of monthly payments reflecting such redetermination.

### **Special Provisions**

(a) The Authority will continuously operate and maintain the System in an efficient manner and in accordance with good business and engineering practices, and at reasonable cost and expense.

(b) The Authority agrees to carry fire, casualty, public liability, and other insurance (including self-insurance to the extent deemed advisable by the Authority) on the System for purposes and in amounts which ordinarily would be carried by a privately owned utility company owning and operating such facilities, except that the Authority shall not be required to carry liability insurance except to insure itself against risk of loss due to claims for which it can, in the opinion of the Authority's legal counsel, be liable under the Texas Tort Claims Act or any similar law or judicial decision. Such insurance will provide, to the extent feasible and practicable, for the restoration of damaged or destroyed properties and equipment, to minimize the interruption of the services of such facilities. All premiums for such insurance shall constitute an Operation and Maintenance Expense of the System.

(c) It is expressly understood and agreed that any obligations on the part of the Authority to improve, expand, extend maintain, repair or replace the System to the Contracting Parties shall be conditioned (i) upon the Authority's ability to obtain all necessary permits, material, labor, and equipment, (ii) upon the ability of the Authority to finance the cost of the System through the actual sale of the Authority's Bonds, and (iii) subject to all present and future valid laws, orders, rules, and regulations of the United States of America, the State of Texas, and any regulatory body having jurisdiction.

(d) Each Contracting Party represents and covenants that all payments to be made by it under this Contract shall constitute reasonable and necessary "operating expenses" of its combined waterworks and sewer system, and that all such payments will be made from the revenues of its combined waterworks and sewer system. Each Contracting Party represents and has determined that the services to be provided by the System are necessary and essential to the operation of its aforesaid system, and that the System constitutes the best available and adequate method for discharging, receiving, treating, and disposing of its wastewater from within its Designated Service Area, and, accordingly, all payments required by the Contracts to be made by each Contracting Party, respectively, shall constitute reasonable and necessary operating expenses of its system as described above, with the effect that the obligation to make such payments from revenues of such system shall have priority over any obligation, respectively, to make any payments from such revenues of principal, interest, or otherwise, with respect to all bonds or other similar obligations heretofore or hereafter issued by each Contracting Party, respectively.

(e) Each Contracting Party agrees to continuously operate and maintain its combined waterworks and sewer system, and to fix and collect such rates and charges for water and sewer services and/or sewer services to be supplied by its system as aforesaid as will produce revenues in an amount equal to at least (i) all of the expenses of operation and maintenance expenses of such system, including specifically its payments under the Contracts, (ii) its payments from such revenues required under any other contracts, and (iii) all other amounts as required by law and the provisions of the ordinances or resolutions authorizing its revenue bonds or other obligations now or hereafter outstanding, including the amounts required to pay all principal of and interest on such bonds and other obligations.

(f) The Authority covenants and agrees that neither the proceeds from the sale of the Bonds, nor the moneys paid to it pursuant to the Contracts, nor any earnings from the investment of any of the foregoing, will be used for any purposes except those directly relating to the System and the Bonds as provided in the Contracts; provided that the Authority may rebate any excess arbitrage earnings from such investment earnings to the United States of America in order to prevent any Bonds from becoming "arbitrage bonds" within the meaning of the IRS Code of 1986 or any amendments thereto in effect on the date of issue of such Bonds. Each of the Contracting Parties has and/or hereby covenants and agrees that it will not use or permit the use of the System in any manner that would cause the interest on any of the Bonds to be or become subject to federal income taxation under the IRS Code of 1986 or any amendments thereto in effect on the date of issue of such Bonds.

(g) Each Contracting Party covenants that it shall not assign its interest in the Contracts or any of its rights or obligations hereunder without the written consent of the Authority. With the written consent of the Authority, any Contracting Party may assign its interest in this Contract to another party provided that the Contracting party, under the terms of any such assignment, shall remain and be primarily responsible and liable for all of its obligations hereunder, including particularly the payment of its proportionate share of the Annual Requirement, as provided and determined by the Contracts.

#### **Unconditional Obligation to Make Payments**

Recognizing the fact that the Contracting Parties urgently require the facilities and services of the System, and that such facilities and services are essential and necessary for actual use and for standby purposes, and recognizing the fact that the Authority will use payments received from the Contracting Parties to pay and secure its Bonds, it is hereby agreed that each of the Contracting Parties shall be unconditionally obligated to pay, without offset or counterclaim, its proportionate share of the Annual Requirement (including the obligations for paying for "minimums"), regardless of whether or not the Authority actually acquires, constructs, completes, improves or extends the System or is actually operating or providing services of the System to any Contracting Party or whether or not such Contracting Party actually uses the services of the System whether due to Force Majeure or any other reason whatsoever, regardless of any other provisions of any contract or agreement between any of the parties. This covenant by the Contracting Parties shall be for the benefit of and enforceable by the holders of the Bonds and/or the Authority.

#### **Remedies Upon Default**

The Contracts are not intended to specify any exclusive remedy for any default, but all such other remedies (other than termination) existing at law or in equity may be availed of by any party hereto and shall be cumulative. Recognizing however, that the Authority's undertaking to provide and maintain the services of the System is an obligation, failure in the performance of which cannot be adequately compensated in money damages alone, the Authority agrees, in the event of any default on its part, that each Contracting Party shall have available to it the equitable remedy of mandamus and specific performance in addition to any other legal or equitable remedies (other than termination) which may also be available. Recognizing that failure in the performance of any Contracting Party's obligations hereunder could not be adequately compensated in money damages alone, each contracting Party agrees in the event of any default on its part that the Authority shall have available to it the equitable remedy of mandamus and specific performance in addition to any other legal or equitable remedies (other than termination) which may also be available to the Authority. Notwithstanding anything to the contrary contained in this Contract, any right or remedy or any default hereunder, except the right of the Authority to receive the Annual Payment which shall never be determined to be waived, shall be deemed to be conclusively waived unless asserted by a proper proceeding at law or in equity within two (2) years plus one (1) day after the occurrence of such default. No waiver or waivers of any breach or default (or any breaches or defaults) by any party hereto or of performance by any other party of any duty or obligation hereunder shall be deemed a waiver thereof in the future, nor shall any such waiver or waivers be deemed or construed to be a waiver of subsequent breaches or defaults of any kind, character, or description, under any circumstances.



## SELECTED PROVISIONS OF THE RESOLUTION

*The following section is a brief description of the Bonds and their security and the Resolution. All descriptions of the Resolution contained herein are only summaries and are qualified in their entirety by reference to the Resolution, a copy of which may be obtained from the Authority.*

DEFINITIONS. In the Resolution, the following terms shall have the meanings set forth below:

“Additional Bonds” means the additional parity bonds permitted to be authorized in this Bond Resolution.

“Annual Payment” means the amount of money to be paid to the Issuer by each of the Contracting Parties during each fiscal year of the Issuer as its proportionate share of the aggregate during each such fiscal year of (1) the principal of, redemption premium, if any, and interest on, the Bonds, Parity Bonds and all Additional Bonds hereafter issued by the Issuer, expected to be in one or more series or issues, and the interest thereon, to acquire and construct the System (including all bonds issued to complete the acquisition and construction of the System), as such principal, redemption premium, if any, and interest become due, less interest to be paid out of bond proceeds or from other sources if permitted by any resolution authorizing the issuance of such bonds, and all amounts required to redeem any such bonds prior to maturity when and as provided in any such resolution plus the fees, expenses, and charges of each paying agent/registrar for paying the principal of and interest on such bonds and for authenticating, registering, and transferring such bonds on the registration books, (2) the proportionate amount of any special, contingency, or reserve funds required to be accumulated and maintained by the provisions of any such resolution and (3) any amount in addition thereto sufficient to restore any deficiency in any of such funds required to be accumulated and maintained by the provisions of any such resolution, with respect to such bonds, excepting any amounts required to be rebated to the Internal Revenue Service as described in Section 22.

“Authority” or “Issuer” means Trinity River Authority of Texas.

“Board” means the Board of Directors of the Issuer, being the governing body of the Issuer and it is further resolved that the declarations and covenants of the Issuer contained in this Resolution are made by, and for and on behalf of the Board and the Issuer, and are binding upon the Board and the Issuer for all purposes.

“Bond Resolution” or “Resolution” mean this resolution adopted by the Board of Directors of the Issuer authorizing the issuance of the Bonds.

“Bonds” means collectively the initial Bonds as described and defined in Section 2 of this Bond Resolution, and all substitute bonds exchanged therefor and other substitute bonds as provided for in this Bond Resolution.

“Bond Insurance Policy” means an insurance policy issued by a Bond Insurer insuring or guaranteeing the payment of principal of and interest on any Bonds, Parity Bonds or Additional Bonds.

“Bond Insurer” means an entity that insures or guarantees the payment of principal of and interest on any of the Bonds, Parity Bonds or Additional Bonds.

“Contracting Parties” means the Cities of Grand Prairie, Midlothian, Venus and Mansfield, and any other entity which becomes an Additional Contracting Party.

“Contracts” means each separate contract with the Contracting Parties and any other contract entered into with an Additional Contracting Party for the Authority to provide services on the System.

“Credit Facility” means a Bond Insurance Policy, a surety bond (including any supporting Insurance Agreement), a letter or line of credit or other type of enhancement issued in support of any Bonds, Parity Bonds or Additional Bonds by a Credit Facility Provider at the request of the Issuer.

“Credit Facility Provider” means (i) with respect to any Credit Facility consisting of a policy of municipal bond insurance or a surety bond, an issuer of policies of insurance insuring the timely payment of debt service on governmental obligations such as the Bonds, Parity Bonds or Additional Bonds, provided that a Rating Agency having an outstanding rating on the Bonds, Parity Bonds or Additional Bonds would rate the Bonds, Parity Bonds or Additional Bonds upon delivery of the Bonds, Parity Bonds or Additional Bonds fully insured by a standard policy issued by the issuer in its highest generic rating category for such obligations; and (ii) with respect to any Credit

Facility consisting of a letter or line of credit, any financial institution, provided that a Rating Agency having an outstanding rating on the Bonds, Parity Bonds or Additional Bonds would rate the Bonds, Parity Bonds or Additional Bonds in one of its two highest generic rating categories for such obligations if the letter or line of credit proposed to be issued by such financial institution secured the timely payment of the entire principal amount of the series of Bonds, Parity Bonds or Additional Bonds and the interest thereon.

“Fitch” means Fitch Investors Service, L.P., its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, Fitch shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer.

“Initial Bond Resolution” means the resolution of the Board adopted on October 28, 2009 authorizing the issuance of the Series 2009 Bonds.

“Insurance Agreement” means an agreement between the Issuer and the Bond Insurer respecting a municipal bond debt service reserve insurance policy constituting a Reserve Fund Obligation.

“Moody’s” means Moody's Investors Service, Inc., its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, Moody's shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer.

“Mountain Creek Regional Wastewater System” and “System” mean all of the Issuer's wastewater transportation and treatment facilities, as described and defined in the Contract, serving the Contracting Parties, together with all improvements and additions to and extensions, enlargements, and replacements of such facilities. However, said terms do not include any facilities acquired or constructed by the Issuer with the proceeds from the issuance of “Special Facilities Bonds”, which are hereby defined as being revenue obligations of the Issuer which are not issued as Additional Bonds, and which are payable from any source, contract, or revenues whatsoever other than the Pledged Revenues; and Special Facilities Bonds may be issued for any lawful purpose and made payable from any source, contract, or revenues whatsoever other than the Pledged Revenues.

“Parity Bonds” means the Series 2009 Bonds, Series 2011 Bonds, and Series 2016 Bonds.

“Pledged Revenues” means: (a) each Annual Payment and (b) any additional revenues, income, receipts, donations, or other resources derived or received or to be received from any public or private source, whether pursuant to an agreement or otherwise, which in the future may, at the option of the Issuer, be pledged to the payment of the Bonds, Parity Bonds or any Additional Bonds.

“Rating Agencies” means S&P, Moody's and/or Fitch according to which of such rating agencies then rates the Bonds, Parity Bonds or Additional Bonds of the applicable series; and provided that if neither of such rating agencies then rates the Bonds, Parity Bonds or Additional Bonds of such series, the term "Rating Agencies" shall refer to any national rating agency (if any) which provides such rating.

“Required Reserve” means an amount equal to the lesser of (i) the average annual principal and interest requirements on the Bonds, Parity Bonds and Additional Bonds or (ii) the amount determined by the Internal Revenue Code of 1986, as amended, and the regulations thereunder, as of the date of issuance of any hereafter issued Additional Bonds issued with the intent that interest thereon will be excludable from the gross income of the registered owners thereof for federal income tax purposes, to be a reasonably required reserve or replacement fund.

“Reserve Fund Obligation” means a Credit Facility satisfying the requirements of this section which is deposited in the Reserve Fund to meet all or part of the Required Reserve as provided in section.

“S&P” means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, S&P shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer.

“Series 2009 Bonds” means the Trinity River Authority of Texas Mountain Creek Regional Wastewater System Revenue Bonds, Series 2009.

“Series 2011 Bonds” means the Trinity River Authority of Texas Mountain Creek Regional Wastewater System Revenue Bonds, Series 2011.

“Series 2016 Bonds” means the Trinity River Authority of Texas Mountain Creek Regional Wastewater System Revenue Bonds, Series 2016.

**PLEDGE.** The Bonds, Parity Bonds and any Additional Bonds, and the interest thereon, are and shall be secured equally and ratably on a parity by and payable from a first lien on and pledge of the Pledged Revenues, and the Pledged Revenues are further pledged to the establishment and maintenance of the Interest and Redemption Fund and the Reserve Fund, as provided in this Bond Resolution.

**REVENUE FUND.** There has been created and there shall be maintained on the books of the Issuer, and accounted for separate and apart from all other funds of the Issuer, a special fund to be entitled the “Trinity River Authority of Texas Mountain Creek Regional Wastewater System Revenue Bonds Revenue Fund” (hereinafter called the “Revenue Fund”). All Pledged Revenues shall be credited to the Revenue Fund promptly after they become available.

**INTEREST AND REDEMPTION FUND.** For the sole purpose of paying the principal of and interest on all Bonds, Parity Bonds and any Additional Bonds, as the same come due, there has been created and there shall be maintained on the books of the Issuer, and accounted for separate and apart from all other funds of the Issuer, a special fund to be entitled the “Trinity River Authority of Texas Mountain Creek Regional Wastewater System Revenue Bonds Interest and Redemption Fund” (hereinafter called the “Interest and Redemption Fund”).

**RESERVE FUND.** There has been created and there shall be maintained on the books of the Issuer, and accounted for separate and apart from all other funds of the Issuer, a special fund to be entitled the “Trinity River Authority of Texas Mountain Creek Regional Wastewater System Revenue Bonds Reserve Fund (hereinafter called the “Reserve Fund”). The Reserve Fund shall be used solely for the purpose of finally retiring the last of any Bonds, Parity Bonds or Additional Bonds, or for paying when due the principal of and interest on any Bonds, Parity Bonds or Additional Bonds when and to the extent the amounts in the Interest and Redemption Fund are insufficient for such purpose.

**DEPOSITS OF PLEDGED REVENUES; INVESTMENTS.** The Pledged Revenues shall be deposited into the Interest and Redemption Fund and the Reserve Fund when and as required by this Bond Resolution. Money in any Fund may, at the option of the Issuer, be invested as permitted by the Public Funds Investment Act, Chapter 2256, Texas Government Code, and the investment policy of the Issuer. Such deposits and investments shall be made consistent with the estimated requirements of such Funds, and any obligation in which money is so invested shall be kept and held for the benefit of the owners of the Bonds, Parity Bonds and Additional Bonds, and shall be promptly sold and the proceeds of sale applied to the making of all payments required to be made from the Fund from which the investment was made. All earnings from the deposit or investment of any such Fund shall be credited to such Fund. All investment earnings on deposits in the Interest and Redemption Fund shall reduce the amounts which otherwise would be required to be deposited therein, with the result that the requirements of the Contracting Parities to pay principal and/or interest payments under the Contracts shall be reduced accordingly. All investment income, if any, required by the United States Internal Revenue Code to be rebated by the Issuer to the Internal Revenue Service in order to prevent the Bonds from being or becoming taxable “arbitrage bonds” under said Code shall be withdrawn from each Fund created by this Bond Resolution and so rebated to the extent so required.

**DEBT SERVICE REQUIREMENTS.** (a) Promptly after the delivery of the Bonds the Issuer shall cause to be deposited to the credit of the Interest and Redemption Fund, from the proceeds received from the sale and delivery of the Bonds, any accrued interest received from such sale.

(b) The Issuer shall transfer from the Pledged Revenues and deposit to the credit of the Interest and Redemption Fund the amounts, at the times, as follows: on or before the first interest payment date on the Bonds, and semiannually thereafter, on or before each interest payment date, an amount sufficient, together with other amounts, if any, then on hand in the Interest and Redemption Fund and available for such purpose, to pay the interest and/or principal and interest scheduled to accrue and come due on the Bonds on each interest payment date.

**RESERVE FUND.** (a) The Required Reserve may be funded with either cash or a Reserve Fund Obligation, or both, as determined by the Authorized Officer at the time of issuance of each series of Bonds. Thereafter, no further deposits shall be made into the Reserve Fund as long as the money and investments, together with any Reserve Fund Obligation, in the Reserve Fund are at least equal in market value to the Required Reserve; but if and whenever the market value of money and investments, together with any Reserve Fund Obligation, in the Reserve Fund is reduced below said Required Reserve because of a decrease in market value of investments, then

the Issuer shall require the Contracting Parties to increase payments under the Contracts as soon as practicable, and in all events by the end of the next Fiscal Year, in an amount sufficient to restore the Reserve Fund to the Required Reserve; and in the event the Reserve Fund is used to pay the principal of or interest on the Bonds, Parity Bonds or Additional Bonds because of insufficient amounts being available in the Interest and Redemption Fund, then the Issuer shall require the Contracting Parties to increase payments under the Contracts in an amount sufficient to restore the Reserve Fund to the Required Reserve in market value, and from such increased payments the Issuer shall deposit in the Reserve Fund, in approximately equal periodic installments, not less than annual, such amounts as are required to restore the Reserve Fund to the Required Reserve in market value as soon as practicable, but in any case, within one year from any date of the use of the Reserve Fund to pay such principal or interest. For purposes of calculating the amount on hand in the Reserve Fund, an amount equal to the maximum available amount which may be drawn under any Reserve Fund Obligation, as described in (e) below, will be deemed on deposit in the Reserve Fund. During any period in which the money and investments credited to the Reserve Fund, taking into account any Reserve Fund Obligation, are equal to or exceed the Required Reserve in market value then during such period all investment earnings and income from the Reserve Fund shall be deposited upon receipt to the credit of the Interest and Redemption Fund.

(b) The Reserve Fund shall be used only for the purpose of paying principal of or interest on the Bonds, Parity Bonds or Additional Bonds when there is not sufficient money available in the Interest and Redemption Fund for such payments, and shall be used finally to pay, redeem or retire the last of the outstanding Bonds, Parity Bonds or Additional Bonds.

(c) The Reserve Fund shall secure and be used to pay all Bonds, Parity Bonds or Additional Bonds. However, each resolution pursuant to which Additional Bonds are issued shall provide and require that (i) the aggregate amount to be accumulated and maintained in the Reserve Fund shall be increased (if and to the extent necessary) to the Required Reserve required after the issuance of such Additional Bonds; and (ii) the required additional amount, if any, shall be so accumulated by the deposit in the Reserve Fund of all of said required additional amount in cash or a Reserve Fund Obligation immediately after the delivery of the then proposed Additional Bonds.

(d) An equivalent Reserve Fund Obligation may be substituted by the Issuer at any time and from time to time for all or any part of the money and/or investments held for the credit of the Reserve Fund, and such money and/or investments may be withdrawn and used for any lawful purpose, provided, however, that to the extent such funds were derived from the proceeds of Bonds, Parity Bonds or Additional Bonds, such funds may only be withdrawn and either (i) deposited into the Interest and Redemption Fund or (ii) applied for a purpose for which such Bonds, Parity Bonds or Additional Bonds were originally issued. If a Reserve Fund Obligation is used as provided above, any reimbursements required thereunder to be paid to a Credit Facility Provider as a result of a draw or demand thereunder and any interest thereon and expenses payable thereunder shall be made, as provided in the Reserve Fund Obligation, from moneys deposited into the Reserve Fund until fully paid. If it becomes necessary to pay interest on or principal of any Bonds from the Reserve Fund, money and investments held for the credit of the Reserve Fund shall be utilized first for such purpose, before any demand or draw is made on a Reserve Fund Obligation.

(e) A Reserve Fund Obligation permitted under (a), above, must be a Credit Facility in the form of a surety bond, insurance policy, letter of credit or other type of enhancement.

(f) Any excess in the Reserve Fund over the Required Reserve in effect at any time shall be deposited to the credit of the Interest and Redemption Fund.

**DEFICIENCIES; EXCESS PLEDGED REVENUES.** (a) If on any occasion there shall not be sufficient Pledged Revenues to make the required deposits into the Interest and Redemption Fund and the Reserve Fund, then such deficiency shall be made up as soon as possible from the next available Pledged Revenues.

(b) Subject to making the required deposits to the credit of the Interest and Redemption Fund and the Reserve Fund when and as required by this Bond Resolution, or any resolution authorizing the issuance of Additional Bonds, the excess Pledged Revenues may be used for any lawful purpose relating to the System.

**ADDITIONAL BONDS.** (a) The Issuer shall have the right and power at any time and from time to time, and in one or more Series or issues, to authorize, issue, and deliver additional parity revenue bonds (herein called "Additional Bonds"), in accordance with law, in any amounts, for any lawful purpose related to the System,

including the refunding of any Bonds, Parity Bonds or Additional Bonds. Such Additional Bonds, if and when authorized, issued, and delivered in accordance with the provisions hereof, shall be secured by and made payable equally and ratably on a parity with the Bonds, from a first lien on and pledge of the Pledged Revenues.

(b) The Interest and Redemption Fund and the Reserve Fund established pursuant to this Bond Resolution shall secure and be used to pay all Additional Bonds as well as the Bonds and Parity Bonds, all on a parity. However, each resolution under which Additional Bonds are issued shall provide and require that, in addition to the amounts required by the provisions of this Bond Resolution and the provisions of each resolution authorizing Additional Bonds to be deposited to the credit of the Interest and Redemption Fund, the Issuer shall deposit to the credit of the Interest and Redemption Fund at least such amounts as are required for the payment of all principal of and interest on said Additional Bonds then being issued, as the same come due; and that the aggregate amount to be accumulated and maintained in the Reserve Fund shall be increased (if and to the extent necessary) to an amount not less than the average annual principal and interest requirements of all Bonds, Parity Bonds and Additional Bonds which will be outstanding after the issuance and delivery of the then proposed Additional Bonds; and that the required additional amount shall be so accumulated by the deposit in the Reserve Fund of all or any part of said required additional amount as a Reserve Fund Obligation or in cash immediately after the delivery of the then proposed Additional Bonds, or, at the option of the Issuer, by the deposit of said required additional amount (or any balance of said required additional amount not deposited in cash as permitted above) in five approximately equal annual installments, made on or before the 1st day of February of each year following the delivery of the then proposed Additional Bonds.

(c) All calculations of average annual principal and interest requirements made pursuant to this Section shall be made as of and from the date of the Additional Bonds then proposed to be issued.

(d) The principal of all Additional Bonds must be scheduled to be paid or mature on February 1 or August 1 of the years in which such principal is scheduled to be paid or mature; and all interest thereon must be payable on February 1 and August 1, and such interest must be fixed at a predetermined rate or rates in the authorizing bond proceedings; and for the purposes of this and all other Sections of this Resolution, principal amounts of any Bonds, Parity Bonds or Additional Bonds or portions thereof which are required to be prepaid or redeemed on any date prior to scheduled due date or maturity pursuant to any mandatory redemption requirements shall be deemed to be due and maturing amounts of principal on the date required to be prepaid or redeemed.

No Additional Bonds shall be issued or delivered unless the President and the Secretary of the Board of Directors of the Issuer sign a written certificate to the effect that the Issuer is not in default as to any covenant, condition, or obligation in connection with all outstanding Bonds, Parity Bonds and Additional Bonds, and the resolutions authorizing the same, that the Interest and Redemption Fund and the Reserve Fund each contains the amount then required to be therein, and that either (1) based on a report of an independent engineer or firm of engineers, the Pledged Revenues, in each fiscal year thereafter, commencing with the third complete fiscal year following the date of such report, are estimated to be at least equal to 1.25 times the average annual principal and interest requirements of all Bonds, Parity Bonds and Additional Bonds to be outstanding after the delivery of the then proposed Additional Bonds, or (2) based upon an opinion of legal counsel to the Issuer, there are Contracts then in effect pursuant to which the Contracting Parties and others, if any, which are parties to such Contracts are obligated to make payments to the Issuer during each fiscal year (including during periods when services of the System may not be available to such Contracting Parties and others) in such amounts as shall be necessary to provide to the Issuer Pledged Revenues sufficient to pay when due all principal of and interest on all Bonds, Parity Bonds and Additional Bonds to be outstanding after the issuance of the proposed Additional Bonds, and to make the deposits into the Reserve Fund as required under this Resolution.

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## THE AUTHORITY

### The Authority's Activities

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

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

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

### The Authority's Revenue-Based Projects

<b>Project Name (Operating)</b>	<b>Cities and Communities Serviced or to be Served</b>
Central Regional Wastewater System	Addison, Arlington, Bedford, Carrollton, Cedar Hill, Colleyville, Coppell, Dallas, Dallas/Fort Worth International Airport Board, Duncanville, Euless, Farmers Branch, Fort Worth, Grand Prairie, Grapevine, Hurst, Irving, Keller, Mansfield, North Richland Hills, and Southlake
Ten Mile Creek Regional Wastewater System	Cedar Hill, DeSoto, Duncanville, Ferris, and Lancaster
Denton Creek Regional Wastewater Treatment System	Argyle, Circle T Municipal Utility District No. 1, Circle T Municipal Utility District No. 3, Flower Mound, Fort Worth, Haslet, Keller, Northlake, Roanoke, Southlake and Westlake.
Red Oak Creek Regional Wastewater Project	Cedar Hill, DeSoto, Glenn Heights, Lancaster, Ovilla, and Red Oak
Mountain Creek Regional Wastewater System	Grand Prairie, Mansfield, Midlothian and Venus
Tarrant County Water Supply Project	Bedford, Colleyville, Euless, Grapevine, and North Richland Hills
Huntsville Regional Water Supply System	Huntsville
Livingston Regional Water Supply System	Livingston
Trinity County Regional Water Supply System	Glendale Water Supply Corp, Groveton, Riverside Water Supply Corp, Trinity, Trinity Rural Water Supply Corp and Westwood Shores MUD.
Lake Livingston—Wallisville Project	Houston, 21 lakeside communities (and two industries)
Livingston Recreation Facilities	Serving the General Public

<b>Project Name (Non-Operating)</b>	<b>Cities and Entities Served</b>
Walker-Calloway Branches Outfall Line	Hurst and North Richland Hills
Northeast Lakeview Project	Cedar Hill, Grand Prairie
Lakeview Regional Water Supply Project	Cedar Hill, Duncanville, and Grand Prairie
Navarro Mills Reservoir	Coolidge, Corsicana, Dawson, and Hubbard (and one industry)
Bardwell Reservoir	Ennis and Ellis County WCID #1
Joe Pool Lake Project	Cedar Hill, Duncanville, Grand Prairie, and Midlothian
Ellis County Regional Water Supply Project	Cities of Ferris, Italy, Maypearl, Midlothian, Palmer and Red Oak; Ellis County WC&ID No. 1, Rockett Special Utility District, Avalon Water and Sewer Service Corporation, Boyce, Bristol, Nash-Forreston, and Buena Vista-Bethel Water Supply Corporations.
Freestone Raw Water Supply Project	Freestone Power Generation LP
Ennis Raw Water Supply Project	Ennis
Midlothian Raw Water Supply Project	Midlothian
Huntsville Wastewater Treatment Facilities	Huntsville
Big Bear Creek Interceptor Project	Fort Worth, Keller and Southlake
Lancaster Water and Sewer Project	Lancaster
Mountain Creek Wastewater Interceptor System	Fort Worth, Haslet, and Roanoke
Mountain Creek Wastewater Pressure Interceptor	Southlake
Cade Branch Interceptor	Fort Worth, Keller
Mountain Creek Wastewater Interceptor System (Fort Worth Project)	Fort Worth
Fort Worth Sendera Ranch Project	Fort Worth
Pollution Control Facilities	Community Waste Disposal, Inc and Texas Utilities Electric Co.
Mountain Creek Wastewater Transportation Project	Argyle, Flower Mound and Northlake

### **The Future Role of the Authority**

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

#### **1. Master Planning.**

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

2. Revenue-based Services. When desired by others and when an adequate revenue base and other finances are available, the Authority will exercise its powers to provide needed services in the areas of water supply, wastewater treatment, parks and recreational facilities, pollution control facilities and solid waste disposal.
3. Federal Projects. The Authority will continue to serve as local sponsor of the Navarro Mills Reservoir, Bardwell Reservoir, the Wallisville Salt Water Barrier Project and Joe Pool Lake.
4. Public Information. The Authority will continue to encourage the public's understanding of the complex interrelationships among the people, resources, economy and environment of the Trinity River Basin.
5. Tax based Services. If there is public support, the Authority will seek to obtain some form of tax-based support for specific programs which should be implemented for comprehensive management of the basin's soil and water resources: conservation of the use of water, soil conservation, water oriented recreation and adequate public access to the river and basin lakes, greenbelts, preservation of natural areas, fish and wildlife mitigation, coordination of floodwater reservoir releases, and full dissemination of flood plain information under the Flood Insurance Act throughout the Authority's territory. At this time the Authority has no plans to pursue any form of tax based support for these programs.
6. The Authority's Territory. In order to provide services on a truly basin wide basis, the Authority will support legislation to add to its territory those parts of the basin not presently within the Authority's defined territory if this is desired by any of the involved counties.
7. Financing of Flood Control and Navigation Projects. Implementation of flood control (by whatever means) and navigation projects should be through a combination of revenues, locally provided taxes and federal funds. The Authority's support of any navigation project is based on three conditions: public support, environmental soundness and economic feasibility.

#### **Pension Plan**

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

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## OUTSTANDING INDEBTEDNESS OF THE AUTHORITY

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

	Outstanding July 12, 2018
Total Outstanding Principal by System/Project: <sup>(1)</sup>	
Central Regional Wastewater System	\$ 887,060,000 <sup>(1)</sup>
Denton Creek Regional Wastewater Treatment System	122,340,000
Denton Creek Wastewater Interceptor(Fort Worth Project)	175,000
City of Fort Worth Water & Wastewater Transmission Contract (Sendera Ranch Project)	2,930,000
Trinity River Authority of Texas (General Improvement Project of The Authority)	3,422,077
Huntsville Regional Water Supply System	11,255,000
Livingston Regional Water Supply Project	20,645,000
Mountain Creek Regional Wastewater System	12,880,000
Northeast Lakeview Wastewater Transportation Project	9,110,000
Red Oak Creek Regional Wastewater System	75,080,000
Tarrant County Water Project <sup>(2)</sup>	116,220,000 <sup>(2)</sup>
Ten Mile Creek Regional Wastewater System	141,655,000
Town of Flower Mound Wastewater Transportation Project	3,515,000
Trinity County Regional Water Supply System Project	645,000
Walker Calloway System	6,530,000
SUB-TOTAL	\$ 1,413,462,077
The Bonds	\$ 7,675,000
SUB-TOTAL	\$ 7,675,000
TOTAL	\$ 1,421,137,077

The Authority has one outstanding conduit debt issue for Community Waste Disposal, L.P. The company makes debt service payments through Wells Fargo Bank, as the trustee. The Authority has no obligation for this debt.

Outstanding Principal - Conduit Debt:	July 12, 2018
Community Waste Disposal, L.P.	\$ 21,865,000

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

Outstanding Principal - Project:	July 12, 2018
Bardwell Reservoir (City of Ennis and Ellis Co. WCID#1)	\$ 573,877
Joe Pool Lake ARRA Costs	133,551
Wallisville Lake (City of Houston)	8,642,170
TOTAL	\$ 9,349,597

	Outstanding July 12, 2018
Cost-Share Liability Pay-off	
Lake Livingston (City of Houston)	79,766,122 <sup>(3)</sup>

<sup>(1)</sup> Does not include debt service on the \$350,000,000 Extendable Commercial Paper Bonds ("ECP Bonds") program. The ECP Bonds are secured by and payable from a first lien on the Net Revenues of the System created in the resolution authorizing their issuance; provided that the pledge of Net Revenues securing the ECP Bonds is expressly made junior and subordinate to the pledge of Net Revenues securing First Lien Bonds as described herein. The ECP Bonds are and shall be secured by and payable only from the Net Revenues, from the proceeds from the sale of ECP Bonds to refinance maturing ECP Bonds (i.e., "roll") and the proceeds of Refunding Bonds to be issued by the Authority. The Regional Wastewater System is scheduled to price and deliver \$243,430,000\* in Revenue Improvement and Refunding Bonds by the week of September 10, 2018; the outstanding balance does not include that proposed issuance.

<sup>(2)</sup> Outstanding balance includes the Tarrant County Water Project \$4,215,000 Series 2018 Revenue Bonds scheduled for delivery on July 12, 2018.

<sup>(3)</sup> This figure represents the Authority's contingent liability associated with Lake Livingston's initial project cost plus annual operation and maintenance expenses. In connection with original agreements to construct Lake Livingston, the available yield of Lake Livingston was divided 70% for the City of Houston and 30% for the Authority. The Authority was responsible for 30% of the initial project cost plus annual operation and maintenance costs; its payments, however, were expressly based on the Authority's water sales from the Lake – the Authority would pay Houston \$2.20 per acre-foot of water sold by the Authority. The liability is considered a contingent liability because it is required to be paid only from the sale of water. However, the liability continues to accumulate because the \$2.20 per acre-foot fee is insufficient for the Authority to retire its 30% of annual costs of operating and maintaining Lake Livingston. In 2016, Houston and the Authority agreed to use the charges due from Houston to the Authority for water sales as a "credit" against this liability which will allow the Authority to retire the contingent liability by 2040 (or possibly sooner if the City of Houston exercises its rights to increase the maximum amount of water it is able to purchase from Lake Livingston).

## **TAX MATTERS**

### **Opinion**

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

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

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

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

### **Federal Income Tax Accounting Treatment of Original Issue Discount**

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

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

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

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

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

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

### **Collateral Federal Income Tax Consequences**

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

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

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

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

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

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

### **State, Local and Foreign Taxes**

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

## **Future and Proposed Legislation**

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

## **CONTINUING DISCLOSURE OF INFORMATION**

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

### **Annual Reports**

The Authority and the Contracting Parties will provide certain updated financial information and operating data to the MSRB annually. The information to be provided and updated by the Contracting Parties includes all quantitative financial information and operating data with respect to the Contracting Parties of the general type included in APPENDIX B to this Official Statement and each Contracting Party’s audited financial statements, when and if available. Each of the Contracting Parties will file such information with the MSRB through its Electronic Municipal Market (“EMMA”) system within six months after the end of each respective Contracting Party’s fiscal year, beginning with the fiscal year ending in 2018. In addition, the Authority will file its audited financial statements with the MSRB through its EMMA system within six months after the end of the Authority’s fiscal year, beginning with the fiscal year ending in 2018.

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

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

### **Disclosure Event Notices**

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

to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) Bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the Authority; (13) the consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of the assets of the Authority, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (14) appointment of a successor Paying Agent/Registrar or change in the name of the Paying Agent/Registrar, if material.

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

### **Availability of Information**

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

### **Limitations and Amendments**

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

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

## **Compliance With Prior Undertakings**

In its past continuing disclosure undertakings relating to its Outstanding Parity Bonds, the Authority assumed certain responsibilities and the Contracting Parties assumed certain responsibilities. During the last five years, the Authority has complied in all material respects with all continuing disclosure undertakings made by it relating to its Outstanding Parity Bonds in accordance with the Rule.

During the last five years, the Contracting Parties have complied in all material respects with all continuing disclosure undertakings made by them in accordance with the Rule.

## **OTHER INFORMATION**

### **Ratings**

The Bonds are rated “AAA ” by S&P Global Ratings, a division of S&P Global Inc., (“S&P”). The Outstanding Parity Bonds of the Authority are rated “AAA” by S&P, without regard to credit enhancement. An explanation of the significance of such rating may be obtained from S&P. The rating reflects only the views of such organization and the Authority makes no representation as to the appropriateness of the rating. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating company, if in the judgment of such company, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

### **Litigation**

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

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

### **Registration and Qualification of Bonds for Sale**

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

### **Legal Investments and Eligibility to Secure Public Funds in Texas**

Section 1201.041 Texas Government Code, provides that the Bonds are negotiable instruments, investment securities governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State of Texas. With respect to investment in the Bonds by municipalities or other political subdivisions or public agencies of the State of Texas, the Public Funds Investment Act requires that the Bonds be assigned a rating of at least “A” or its equivalent as to investment quality by a national rating agency (see “OTHER INFORMATION – Ratings” above). In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The Public Funds Collateral Act, Chapter 2257, Texas Government Code, provides that the Bonds are eligible to secure deposits of any public funds of the State of Texas, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value. No review by the Authority has been made of the laws in other states to determine whether the Bonds are legal investments for various institutions in those states.

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

### **Legal Matters**

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

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

### **Authenticity of Financial Data and Other Information**

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

### **Financial Advisor**

Hilltop Securities Inc. (“Hilltop”), is employed as Financial Advisor to the Authority in connection with the issuance of the Bonds. The Financial Advisor’s fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. Hilltop, in its capacity as Financial Advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies. In the normal course of business, the Financial Advisor may also from

time to time sell investment securities to the Authority for the investment of bond proceeds or other funds of the Authority upon the request of the Authority.

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

### **Underwriting**

The Underwriters have agreed, subject to certain conditions, to purchase the Bonds from the Authority at a purchase price of \$8,113,528.72, which represents the par amount of the Bonds, plus a net premium of \$510,411.90, less an Underwriters' discount of \$71,883.18, and no accrued interest. The Underwriters' obligations are subject to certain conditions precedent, and they will be obligated to purchase all of the Bonds if any of the Bonds are purchased. The Bonds may be offered and sold to certain dealers and others at prices lower than such public offering prices, and such public prices may be changed from time to time by the Underwriters.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

FTN Financial Capital Markets is a division of First Tennessee Bank National Association and FTB Advisors, Inc., is a wholly owned subsidiary of First Tennessee Bank National Association. FTN Financial Capital Markets has entered into a distribution agreement with FTB Advisors, Inc., for the distribution of the offered Bonds at the original issue prices. Such arrangement generally provides that FTN Financial Capital Markets will share a portion of its underwriting compensation or selling concession with FTB Advisors, Inc.

### **Forward-Looking Statements Disclaimer**

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

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

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**Miscellaneous**

The Pricing Certificate, which is part of the Resolution authorizing the issuance of the Bonds, has been executed by an Authorized Officer of the Authority approves the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and authorizes its further use in the reoffering of the Bonds by the Underwriters.

TRINITY RIVER AUTHORITY OF TEXAS

/s/ J. Kevin Ward  
J. KEVIN WARD  
General Manager and Authorized Officer

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**APPENDIX A**

**BIOGRAPHICAL INFORMATION**

*Board of Directors  
and  
Management Officers*

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## **BOARD OF DIRECTORS**

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

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

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

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

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

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

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

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

WHITNEY D. BECKWORTH of Fort Worth (member, utility services committee). Beckworth is an associate, in the litigation practice group, at Kelly Hart & Hallman LLP. She is a member of the State Bar of Texas, Tarrant County Bar Association, Tarrant County Young Lawyers Association, American Bar Association, and Eldon B. Mahon Inn of Court. Beckworth received a Bachelor of Arts in political science from Stanford University and a Juris Doctor from The University of Texas School of Law. Beckworth was appointed as director at large in 2017.

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

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

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

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

VICTORIA K. LUCAS of Terrell (member, legal and public policy committee). Lucas is vice president for American National Bank of Texas. She is vice chairman and former chairman of economic development for the Terrell Chamber of Commerce and treasurer and past president of the Kaufman County A&M Club. Additionally, she is vice chair of development for the Terrell ISD Excellence Foundation, vice president of Friends of the Hulsey Public Library, and member of Social Science Club of Terrell and Kiwanis International. Lucas received her Bachelor of Science in industrial distribution from Texas A&M University.

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

ROBERT F. MCFARLANE, M.D. of Palestine (member, resources development committee). McFarlane is a cardiologist with East Texas Physician's Alliance, and was also the owner and sole proprietor of The Big Woods on the Trinity from 1995-2015. He is a member of the Texas Medical Association and Texas Wildlife Association. In addition, he founded the Trinity Waters Foundation and served as its president for five years. McFarlane received a Bachelor of Arts in chemistry from Harvard College and a Doctor of Medicine from Harvard Medical School, and is board certified in internal medicine and cardiology.

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

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

WILLIAM O. RODGERS of Fort Worth (member, administration and audit committee). Rodgers is vice president of Collins and Young, LLC. He is a board member of the Fort Worth Nature Center and Edwards Family Charitable Giving. Rodgers received a bachelor's degree from Texas Christian University.

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

named the Fastest Growing Company in Dallas by the Cox School of Business at Southern Methodist University in 2004. Rupani attended City College of Karachi in Pakistan. Rupani was reappointed as director at large in 2013.

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

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

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

FRANK H. STEED, JR. of Kerens (member, administration and audit committee). Steed is a 45 plus year veteran of the restaurant industry and is president and CEO of The Steed Consultancy. He is president and commissioner of the Navarro County Emergency Services District #1 and a board member and past chairman of the Corsicana-Navarro County Chamber of Commerce. Previously, he served as a member of the Board of Governors of the University of North Texas School of Hospitality and the Women's Food Service Forum. Steed received an honorable discharge from the Mississippi Army National Guard.

EDWARD C. WILLIAMS, III of Dallas (member, utility services committee). Williams is managing director of World Class Capital Group. He is a scout master for Boy Scouts of America Troop 125. Williams received a Bachelor of Business Administration in finance and accounting from Oklahoma University and a Master of Business Administration from Southern Methodist University.

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## MANAGEMENT OFFICERS

J. KEVIN WARD, General Manager. In his role as the chief executive officer, Ward oversees the largest river authority in Texas and the largest wholesale provider of wastewater treatment services in the state. With the support of six staff groups and more than 400 employees, Ward drives the implementation of board policy for the operation and development of four water treatment facilities, five wastewater treatment facilities and one recreation project, plus water sales from four reservoirs – all serving more than 60 wholesale customers including cities, municipalities and districts throughout the 18,000-square-mile Trinity River basin. Ward is also charged with managing the Authority's assets of more than \$2.2 billion and a current operating budget of more than \$303 million.

Ward previously served as executive administrator of the Texas Water Development Board from May 2002 to February 2011 and in various other capacities at that state agency from 1987 to 2002.

Ward is active in several organizations. He currently serves as a member of the Region C and H Water Planning Committees, the Trinity and San Jacinto River Basins and Galveston Bay Basin Area Stakeholders Committee and the Tarrant Regional Water District Customer Advisory Committee. He serves as a board and executive committee member of the North Texas Commission and on the Texas Water Conservation Association's executive committee and as chair of the Association's River Authority Panel. He also serves on the board of directors for the National Waterways Conference, an organization representing national interests related to water supply and waterways transportation; he serves as chair of the National Water Resources Association Corps of Engineers Task Force and as the public member of the American Academy of Water Resources Engineers Board of Trustees and as a visiting member of the Texas A&M University Lehrer Chair Advisory Council.

Ward was honored in 2011 with the Water Environment Association of Texas Outstanding Public Official Award.

FIONA M. ALLEN, P.E., regional manager, Northern Region. Allen joined the TRA in March 2011. She is responsible for the planning, development, and operations of the Authority's water and wastewater systems in the northern region. Following eight years of consulting engineering experience early in her career, she joined the city of Arlington, Texas. Over her 20-year career at the city, Allen served in various roles, including director of utilities and subsequently, in 2005, served as interim deputy city manager over information technology, human resources, management services, finance and general services. In 2006, she was named deputy city manager/capital investment, overseeing public works, water utilities and environmental services. In 2009, she was named deputy city manager/economic development, overseeing aviation, convention center, planning and development, and the economic development office, with the duties of supervising public works and water utilities added in 2010. Allen retired from the city of Arlington in February 2011. She holds licenses as a professional engineer and a registered sanitarian, and holds TCEQ class B-distribution operator and class III wastewater system operator licenses. She is a member of the Texas A&M University Dwight Look College of Engineering advisory council. She serves as the Water Utility Council co-chair for the Texas Section of the American Water Works Association and executive committee and board member of the Texas Water Conservation Association, representing the municipal panel. She is a past board member of the Texas Municipal League, past president of the Texas Municipal Utilities Association, and former chair of the Texas A&M civil engineering department advisory council. She holds a bachelor's degree from Texas A&M University.

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

JIMMIE R. SIMS, regional manager, Southern Region. Sims received a bachelor's degree from Texas A&M University. He began working for the Trinity River Authority in 1973 at the Devers Canal System and became project manager for Lake Livingston recreation facilities in 1977. In 1983 he became project manager for the Lake Livingston utility services project and advanced to division manager of the water services division in 1985. Sims was promoted to assistant regional manager, Southern Region, in 1988 and advanced to his current position in 1996.

Sims is a former member of the board of directors of the Huntsville-Walker County Chamber of Commerce. He has also served as chairman of the Huntsville Planning and Zoning Commission and is an active member of the American Water Works Association and the Texas Water Conservation Association. He has served on the board of directors of the Huntsville Boys Baseball Association and has been an active supporter of Huntsville area youth baseball programs. In addition, Sims served as the executive vice president of the Huntsville Amateur Baseball Association and was recognized as the 2007 Volunteer of the Year by that organization.

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

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

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

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**APPENDIX B**

**CERTAIN FINANCIAL AND OPERATING DATA OF THE CONTRACTING PARTIES**

*Contracting Parties:*

*City of Grand Prairie, Texas*

*City of Mansfield, Texas*

*City of Midlothian, Texas*

*City of Venus, Texas*

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# CITY OF GRAND PRAIRIE, TEXAS

**TABLE 1 - WATERWORKS AND SEWER SYSTEM CONDENSED STATEMENT OF OPERATIONS**

	Fiscal Year Ended September 30,				
	2017	2016	2015	2014	2013
Revenues <sup>(1)</sup>					
Sales to Customers	\$40,565,531	\$39,054,285	\$35,847,333	\$34,322,525	\$33,686,226
Wastewater Charges to Customers	26,663,505	24,983,819	23,500,825	22,678,679	21,384,096
Water Surcharge/Monitoring	870,104	722,154	698,342	653,220	684,472
Impact Fees	2,652,051	2,407,003	1,789,880	1,794,292	1,394,620
Other	2,273,191	2,860,418	3,376,881	2,461,893	2,068,490
Total Revenues	<u>\$73,024,382</u>	<u>\$70,027,679</u>	<u>\$65,213,261</u>	<u>\$61,910,609</u>	<u>\$59,217,904</u>
Expenses <sup>(2)</sup>					
Salaries & Personnel Benefits	\$ 8,149,266	\$ 7,690,878	\$ 6,983,821	\$ 7,059,406	\$ 6,529,641
Professional Services	9,637,701	6,672,050	5,573,076	5,292,120	4,609,048
Franchise Fees	2,691,080	2,561,398	2,376,121	2,283,480	2,193,657
Water Purchase	14,780,509	14,223,378	12,370,857	11,850,914	10,924,656
Wastewater Treatment	14,988,513	15,346,644	14,726,953	12,716,847	11,790,989
Other <sup>(3)</sup>	5,284,002	5,035,914	4,754,974	4,649,753	4,798,751
Total Expenses	<u>\$55,531,071</u>	<u>\$51,530,262</u>	<u>\$46,785,802</u>	<u>\$43,852,520</u>	<u>\$40,846,742</u>
Available for Debt Service	<u>\$17,493,311</u>	<u>\$18,497,417</u>	<u>\$18,427,459</u>	<u>\$18,058,089</u>	<u>\$18,371,162</u>

(1) Includes operating and non-operating revenue.

(2) Excludes depreciation and debt service expense.

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

**TABLE 2 - COVERAGE AND FUND BALANCES**

Average Annual Principal and Interest Requirements, all Water and Wastewater System Revenue Bonds, Fiscal Year Ended 9/30/2017	\$ 3,743,014
Coverage of Average Annual Requirements based on 9/30/2017 Revenue Available for Debt Service	4.67x
Total Principal and Interest Requirements of all debt obligations paid from Water and Wastewater Treatment Fund (Water and Wastewater System Revenue Bond, Contract and Tax Obligations issued for System Improvements), Fiscal Year Ended 9/30/2017	\$ 6,512,265
Coverage of Total Requirements based on 9/30/2017 Revenue Available for Debt Service	2.69x

**TABLE 3 - AUTHORIZED BUT UNISSUED REVENUE BONDS**

As of September 30, 2017, the City has no authorized revenue bonds.

**TABLE 4 – DALLAS WATER UTILITIES**

Fiscal Year Ended 9/30	Dallas Water Utilities		City of Ft. Worth	City of Cedar Hill/Midlothian	Total Cost of Water Purchased
	Volume Charges	Demand Charges	Volume Charges	Volume Charges	
2013	\$ 2,901,935	\$ 6,854,133	\$ 1,168,588	\$ -	\$ 10,924,656
2014	2,770,594	7,062,206	1,648,226	-	11,481,026
2015	2,561,969	7,547,810	1,687,495	735,927	12,533,201
2016	3,687,583	8,228,711	1,582,870	1,582,870	15,082,034
2017	3,246,558	9,119,618	1,336,357	2,186,657	15,889,190

**TABLE 5 – WATER AND WASTEWATER RATES (EFFECTIVE OCTOBER 1, 2017) <sup>(1)</sup>**

Water Rates (Per 1,000 Gallons)	Previous (10/01/2016)	Present (10/01/2017)
Classification		
Residential		
Per 1,000 gallons, total usage 3,000 gallons or less	\$ 0.12	\$ 0.12
Per 1,000 gallons, total usage more than 3,000 gallons, and up to and including 20,000 gallons	3.85	3.87
Per 1,000 gallons, all quantities over 20,000 gallons	6.63	6.93
Commercial	4.05	4.31
Industrial	4.05	4.31
Governmental	3.47	3.62
Fire Hydrant	7.74	8.07
Minimum Monthly Charge (Based on Meter Size):		
5/8" of 3/4"	\$ 13.57	\$ 14.18
1"	17.46	18.25
1 1/4"	20.89	21.83
1 1/2"	22.68	23.70
2"	37.34	39.02
3"	115.79	121.00
4"	143.55	150.01
6"	215.22	224.90
8"	299.53	313.01
10"	312.52	326.58
12"	328.84	343.64
Wastewater Rates (Per 1,000 Gallons)		
Classification		
Residential	\$ 3.78	\$ 3.95
Commercial	4.80	5.11
Industrial	4.80	5.11
Governmental	4.06	4.24
Wastewater Minimum charges based on meter size		
5/8" of 3/4"	\$ 12.37	\$ 12.93
1"	13.40	14.00
1 1/4"	15.63	16.33
1 1/2"	16.29	17.02
2"	19.43	20.30
3"	28.77	30.06
4"	38.18	39.90
6"	59.25	61.92
8"	83.83	87.60
10"	107.32	112.15
12"	120.24	125.65

(1) Source: City Staff.

**TABLE 6 - AVERAGE DAILY WATER USAGE (GALLONS)**

Fiscal Year Ended	Average Daily Usage	Maximum Day's Use	Total Pumped In
2013	23,500,103	39,519,048	8,577,537,610
2014	22,967,566	37,716,995	8,383,161,546
2015	23,171,895	40,257,400	8,457,741,334
2016	24,564,056	42,474,976	8,966,030,397
2017	25,613,487	36,316,452	9,348,922,755

**TABLE 7 - AVERAGE DAILY WASTEWATER FLOW**

Fiscal Year Ended	Average Daily Flow
2013	14,234,168
2014	14,109,478
2015	17,862,300
2016	16,569,421
2017	16,307,400

**TABLE 8 - WASTEWATER TREATMENT**

Fiscal Year Ended 9/30	Operation and Maintenance	Wastewater Treatment Debt		Joe Pool Intake	Joe Pool Corp of Engineers	Total
2013	\$ 4,360,828	\$ 6,546,256	\$ 10,907,084	\$ 7,390	\$ 381,637	\$ 11,296,111
2014	4,234,724	7,602,156	11,836,880	7,190	397,690	12,241,760
2015	5,774,796	8,060,760	13,835,556	6,750	387,511	14,229,817
2016	5,895,397	8,559,504	14,454,901	6,782	396,612	14,858,295
2017	5,946,771	8,153,527	8,153,527	8,347	201,735	14,310,380

**TABLE 9 – TEN LARGEST WATER AND WASTEWATER CUSTOMERS**

Customers	Fiscal Year Ended September 30, 2017			
	Total	Amount Billed		
	Consumption <sup>(1)</sup>	Billed	Water	Wastewater
Coca-Cola North America	121,760	\$ 784,401	\$ 493,128	\$ 291,273
Bell Helicopter	108,350	854,882	438,818	416,064
Lockheed-Martin	65,916	520,077	266,960	253,117
FRBH Silverbrook	54,523	544,756	360,820	183,936
North Texas Healthcare Laundry	52,784	415,278	214,223	201,055
KMB Produce	44,293	350,765	182,417	168,348
Poly America Inc.	42,771	328,845	173,223	155,622
Bigelow Colorado DBA Budget Suites	42,318	319,896	171,388	148,508
Manor Redevelopment	27,766	306,725	194,771	111,954
JK 360 North LLLP	26,954	268,502	177,815	90,687
Totals	587,435	\$ 4,694,127	\$ 2,673,563	\$ 2,020,564

(1) In 1,000 Gallons.



# CITY OF MANSFIELD, TEXAS

**TABLE 1 - WATERWORKS AND SEWER SYSTEM CONDENSED STATEMENT OF OPERATIONS**

	Fiscal Year Ended September 30,				
<u>Revenues</u>	2017	2016	2015	2014	2013
Water Service	\$ 19,639,307	\$ 18,459,984	\$ 17,105,911	\$ 15,662,227	\$ 15,053,456
Sewer Service	11,533,077	10,863,897	9,790,377	9,267,629	8,600,592
Charges for Services	1,613,957	1,397,430	1,286,973	1,106,380	3,015,063
Interest Earnings	164,312	76,716	16,645	22,178	42,861
Impact Fees	2,357,803	2,320,248	1,894,021	1,596,243	1,508,905
Total Revenues	\$ 35,308,456	\$ 33,118,275	\$ 30,093,927	\$ 27,654,657	\$ 28,220,877
<u>Expenses</u>					
Water Distribution	\$ 16,955,343	\$ 15,971,104	\$ 19,582,199	\$ 19,670,797	\$ 16,494,172
Administration	3,316,384	3,070,093	2,486,140	2,926,209	2,205,885
Total Expenses	\$ 20,271,727	\$ 19,041,197	\$ 17,096,059	\$ 16,744,588	\$ 14,288,287
Net Available for Debt Service	\$ 15,036,729	\$ 14,077,078	\$ 12,997,868	\$ 10,910,069	\$ 13,932,590
Water Customers	21,291	20,807	20,404	19,908	19,871
Sewer Customers	18,765	18,325	17,974	17,717	17,656

**TABLE 2 - COVERAGE AND FUND BALANCES**

Average Annual Principal and Interest Requirements, 2018-2035	\$ 3,080,192
Coverage of Average Requirements by 9/30/17 Net Income	4.88x
Maximum Principal and Interest Requirements, 2018	\$ 5,875,009
Coverage of Maximum Requirements by 9/30/17 Net Income	2.56x
Waterworks and Sewer System Bonds Outstanding, 9/30/18	\$ 42,135,000
Water and Sewer Sinking and Reserve Fund, 9/30/17	\$ 4,545,479

**TABLE 3 - AUTHORIZED BUT UNISSUED REVENUE BONDS**

As of September 30, 2017, the City has no authorized unissued revenue debt.



**TABLE 4 - HISTORICAL WATER CONSUMPTION**

Fiscal Year Ended 9/30	Total Usage	Peak Day	Average Day
2013	3,619,022,000	20,565,000	9,915,000
2014	3,902,516,000	21,030,000	10,270,000
2015	3,941,276,000	24,680,000	10,770,000
2016	4,273,509,000	23,369,000	11,373,000
2017	4,480,309,000	20,975,000	12,256,000

**TABLE 5 - TEN LARGEST WATER CUSTOMERS <sup>(1)</sup>**

Customer	2017 Water Usage	% of Total Water Usage	Water Revenue	Percent of Water Revenues
Johnson County SUD	1,533,217,999	34.22%	\$ 2,047,429	13.08%
Mansfield ISD	118,120,630	2.64%	875,150	5.59%
City of Mansfield	82,691,720	1.85%	505,036	3.23%
Walnut Creek Country Club	68,730,800	1.53%	110,081	0.70%
Methodist Mansfield Medical Center	39,484,030	0.88%	177,863	1.14%
Mansfield National Golf Club	29,198,230	0.65%	41,374	0.26%
Goodman Food Products	28,855,200	0.64%	109,440	0.70%
Equistar Chemicals	28,205,020	0.63%	102,300	0.65%
Mid America Apartments LP	25,589,871	0.57%	128,065	0.82%
South Pointe PID	23,071,700	0.51%	103,600	0.66%
Total	1,977,165,200	44.13%	\$ 4,200,338	26.84%

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

**TABLE 6 - MONTHLY WATER RATES**

Meter Size	Current Rates Effective as of October 2017	
Residential < 2,000 Gallons	\$	7.45
3/4" & 5/8"		22.57
1"		56.43
1 1/2"		112.85
2"		180.56
3"		361.12
4"		620.68
6"		1,263.92
Volume Rate per 1,000 Gallons Water (Effective October 2016)		
	Industrial	Residential / Commercial
First 2,000 Gallons	\$ -	\$ -
Next 30,000 Gallons	2.61	3.29
Over 32,000 Gallons	3.26	4.11

**TABLE 7 - WASTEWATER USAGE (GALLONS)**

Year Ending 9/30	Amount in Gallons (000)
2013	2,058,804
2014	2,161,063
2015	2,168,915
2016	2,146,619
2017	1,962,366

**TABLE 8 - MONTHLY SEWER RATES**

	Current Rates Effective as of October, 2017
<u>Residential</u>	
Base 2,000 Gallons	\$ 9.49
Base 2,001 Gallons	27.96
Each 1,000 Over 2,000 Gallons	3.49
Maximum	69.84
Sewer Service Only - Flat Rate	53.97
<u>Commercial</u>	
Base 2,000 Gallons	\$ 27.96
Each 1,000 Over 2,000 Gallons	3.49

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# CITY OF MIDLOTHIAN, TEXAS

**TABLE 1 - CONDENSED WATERWORKS AND SEWER SYSTEM OPERATING STATEMENTS**

	Fiscal Year Ended September 30,				
	2017	2016	2015	2014	2013
Revenues <sup>(1)</sup>	\$ 17,126,074	\$ 13,558,845	\$ 13,322,287	\$ 11,965,998	\$ 11,348,240
Water and Sewer Impact Fees <sup>(1)</sup> (2)	2,084,722	1,744,068	1,196,155	893,374	769,926
Interest Income From WS Operating Account	139,820	86,295	58,525	24,544	55,719
<u>Expenses</u> <sup>(3)</sup>	<u>(8,035,144)</u>	<u>(7,597,385)</u>	<u>(6,997,697)</u>	<u>(6,353,508)</u>	<u>(5,002,088)</u>
Net Available for Debt Service	<u>\$ 11,315,472</u>	<u>\$ 7,791,823</u>	<u>\$ 7,579,270</u>	<u>\$ 6,530,408</u>	<u>\$ 7,171,797</u>
Annual Revenue Bond Debt Service Requirements	\$ 1,662,158 <sup>(4)</sup>	\$ 2,506,143 <sup>(4)</sup>	\$ 2,505,343 <sup>(4)</sup>	\$ 2,525,725 <sup>(4)</sup>	\$ 2,448,392 <sup>(4)</sup>
Revenue Bond Debt Service Coverage	6.81 x	3.11 x	3.03 x	2.59 x	2.93 x
Annual Debt Service Requirements for All Bonds Paid From System Revenues <sup>(5)</sup>	\$ 3,348,157	\$ 3,591,649	\$ 3,751,723	\$ 3,476,447	\$ 3,565,070
Debt Service Coverage on All Bonds Paid From System Revenues	3.38 x	2.17 x	2.02 x	1.88 x	2.01 x
Customer Count					
Water	6,326	5,823	5,945	5,393	4,376
Sewer	8,020	6,319	5,930	5,281	5,281
Roadway Impact Fees (Not included in Revenues Above)	\$ 1,473,672	\$ 1,045,886	\$ 728,952	\$ 163,004	\$ 163,728
Midlothian Development Authority Contribution	\$ 796,089 <sup>(5)</sup>	\$ 797,205 <sup>(5)</sup>	\$ 796,365 <sup>(5)</sup>	\$ 792,911 <sup>(5)</sup>	\$ 718,204 <sup>(5)</sup>

(1) Revenues include all operating revenues of the water and sewer system, plus Impact Fees used to pay debt.

(2) Interest income figures reflected in the City's audited financial statements also include income from other accounts.

(3) Expenses include all operating expenses less depreciation (no debt service expenses).

(4) The final TWDB installment delivery was made on March 6, 2015.

(5) These funds are available and being used to pay debt service under the terms of a contractual agreement with the TIRZ.

Source: the City of Midlothian.

**TABLE 2 - COVERAGE AND FUND BALANCES (AS OF SEPTEMBER 30, 2017)**

2017 Net Revenues Available for Debt Service	\$ 11,315,472
Maximum Debt Service Requirements (2018)	\$1,662,158
Coverage	6.81x
Including Self-Supporting Obligations (2018)	\$ 3,348,157
Coverage	3.38x
Revenue Bond Debt Service Fund	\$ 587,351
Revenue Bond Reserve Fund	\$ 1,663,912

**TABLE 3 – TOP TEN WATER CUSTOMERS (AS OF SEPTEMBER 30, 2017)**

Name of Customer	Average Monthly Consumption Gallons	Average Monthly Bill
Rockett Special Utility District <sup>(1)</sup>	153,219,045	\$ 179,398
Mountain Peak Water Supply <sup>(1)</sup> 8" Meter	11,151,225	24,629
Venus, City of <sup>(1)</sup>	8,459,250	37,178
Sardis Lone-Elm Water Supply	5,665,081	28,520
City of Midlothian	4,760,558	1,790
Midlothian Cement (TXI)	4,500,415	5,432
City of Grand Prairie	2,456,333	5,778
Midlothian Energy	2,400,000	30,103
Gerdau	995,166	4,485
Reheis	781,241	9,335
Total	194,388,314	\$ 326,648

(1) The City supplies water to Rockett Special Utility District, the City of Venus and Mountain Creek Special Utility District on a contract basis.

**TABLE 4 - TOP TEN SEWER CUSTOMERS (AS OF SEPTEMBER 30, 2017)**

Name of Customer	Average Monthly Bill
Timber Oaks Apartments	\$ 8,807
Village South MHP	8,563
PR Associates / Ridgeway Apartments	6,573
PR Associates/Pecan Ridge	5,062
Turtle Cove	4,314
Terrace at Midtowne	3,132
Allen Perri Property Apartments	3,040
Courtyard by Marriott	2,767
Eastwood Apartments	2,509
Behels Chemical	1,875
Total	\$ 46,643

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**TABLE 5 – MONTHLY WATER AND SEWER RATES (EFFECTIVE OCTOBER 1, 2017)**

<b>WATER RATES</b>		
<b>Residential</b>		
<b>Service Type</b>	<b>Inside City Limits</b>	<b>Outside City Limits</b>
Minimum Customer Charge/First 2,000 Gallons:		
3/4" water meter	\$ 28.81	\$ 34.57
1" water meter	43.04	51.65
1 1/2 " water meter	48.35	58.02
2" water meter	79.63	95.56
Volume Charge Per 1,000 Gallons:		
2,001 - 10,000 Gallons	\$ 4.46	\$ 5.35
10,001 - 20,000 Gallons	5.21	6.25
20,001 - Above Gallons	5.96	7.15
		34.56
Apartment Complexes/ Mobile Home Parks / Hotel Motels	\$ 28.81	\$ 33.23
Per Unit / Room		
Volume Charge Per 1,000 Gallons		
2,001 - Above Gallons	\$ 5.21	\$ 6.24
<b>Commercial</b>		
<b>Service Type</b>	<b>Inside City Limits</b>	<b>Outside City Limits</b>
Minimum Customer Charge/First 2,000 Gallons:		
3/4" water meter	\$ 28.81	\$ 34.57
1" water meter	43.04	51.65
1 1/2 " water meter	48.35	58.02
2" water meter	79.63	95.56
3" water meter	165.90	199.08
4" water meter	232.27	278.72
6" water meter	331.80	398.16
8" water meter	530.89	637.07
Fire Hydrant Meter	265.44	
Volume Charge Per 1,000 Gallons:		
2,001 - Above Gallons	\$ 4.83	\$ 7.16
0 - Above Gallons - Public Facilities	3.70	
Wholesale Water Customers -		
Volume Charge per 1,000 Gallons		
Rockets SUD	\$ 2.95	
Mountain Peak	3.00	
Grand Prairie	3.76	
Sardis-Lone Elm	2.60	
Venus	3.76	
Midlothian Energy LLC - 2001 - Above Gallons	4.83	
Raw Water Sales - Grand Prairie Golf Course	0.82	
Industrial / Railport		
Minimum/Customer Charges/First 2,000 Gallons:		
3/4" water meter	\$ 28.81	
1" water meter	43.04	
1 1/2 " water meter	48.35	
2" water meter	79.63	
3" water meter	165.90	
4" water meter	232.27	
6" water meter	331.80	
8" water meter	530.89	
Volume Charge Per 1,000 Gallon		
2,001 - Above Gallons	\$ 4.83	

**TABLE 6 – SEWER SYSTEM PRODUCTION**

Fiscal Year	Annual Sewage Flow (000 Gallons)	Average Daily Flow (000 GPD)	Peak Daily Flow <sup>(1)</sup> (000 GPD)
2013	402,692	1,103	4,162
2014	449,202	1,231	4,217
2015	564,298	1,546	8,454
2016	656,522	1,794	7,248
2017	535,400	1,467	3,142

- (1) Peak daily flow figures include flow from the city of Venus. The Trinity River Authority, which now operates the wastewater treatment plant, has no way, at this time, to separate the Midlothian and Venus flow figures.

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# CITY OF VENUS, TEXAS

**TABLE 1 – WATER AND SEWER SYSTEM CONDENSED STATEMENT OF OPERATIONS**

	Fiscal Year End September 30,				
	2017 <sup>(1)</sup>	2016	2015	2014	2013
Operating Revenues:					
Water and Sewer Service	\$ 1,823,787	\$ 1,775,857	\$ 1,632,634	\$ 1,313,304	\$ 1,246,175
Late Charges	17,746	20,949	26,218	18,690	15,866
Miscellaneous	4,758	10,111	9,885	9,073	38,377
Interest Income	1,485	-	-	-	-
Total Operating Revenues	<u>\$ 1,847,775</u>	<u>\$ 1,806,917</u>	<u>\$ 1,668,737</u>	<u>\$ 1,341,067</u>	<u>\$ 1,300,418</u>
Operating Expenses:					
Salaries and Other labor	\$ 72,875	\$ 54,957	\$ 55,407	\$ 58,407	\$ 49,676
Utilities	38,937	176,820	160,609	36,591	45,443
Office Expenses	8,543	8,525	19,793	16,778	15,322
Payroll Taxes	17,965	13,565	13,579	14,973	12,241
Parts and Supplies	41,168	21,445	21,599	19,046	41,641
Repairs and Maintenance	32,729	8,865	30,473	12,742	43,130
Chemicals	628	2,362	1,035	2,184	1,921
Auto Expenses	11,115	10,659	14,971	20,000	17,799
Insurance	34,589	26,192	18,976	16,295	13,168
Water and Sewer tests	3,122	5,975	3,675	3,895	3,850
Water Contract Fees	464,878	836,863	808,140	754,442	670,241
Lease Expenses	543	1,967	2,214	-	-
Miscellaneous	5,450	21,994	24,950	3,519	1,822
Total Operating Expenses	<u>\$ 732,544</u>	<u>\$ 1,190,189</u>	<u>\$ 1,175,421</u>	<u>\$ 958,872</u>	<u>\$ 916,254</u>

(1) Unaudited.

**TABLE 2 – TEN LARGEST WATER CUSTOMERS (BASED ON GALLONS CONSUMED)**

Name of Customer	Average Monthly 2017 Consumption Gallons	Average Monthly Bill
Management & Training Corp.	498,925	\$ 61,587
Tiger Mart (Carwash)	74,625	890
Venus ISD Primary	91,450	1,542
Crown Point Apartments	76,208	3,623
Whataburger	52,800	1,035
Venus Retirement Village	50,333	2,070
Venus ISD Middle School	42,366	621
Venus ISD Fieldhouse	23,708	578
Venus ISD High School	40,025	910
Venus ISD Elementary	45,800	939
Totals	<u>996,240</u>	<u>\$ 73,795</u>

**TABLE 3 – TEN LARGEST SEWER CUSTOMERS (GALLONS)**

<u>Name of Customer</u>	<u>Average Monthly 2017 Bill</u>
Management & Training Corp	\$ 56,356
Tiger Mart Car Wash	760
Crown Point Apartments	3,289
Venus ISD Elementary School	866
Venus ISD Fieldhouse	534
Venus Retirement Village	1,891
Whataburger	961
Venus ISD Primary School	1,438
Venus ISD High School	838
Tiger Mart 21	760
Total	<u><u>\$ 67,693</u></u>

**TABLE 4 – WATER RATES (EFFECTIVE OCTOBER, 2016)**

<u>Residential Water</u>	
Minimum Charge/First 2,000 Gallons	\$ 42.44
2,001-5,000 Gallons	4.04
Above 5,000 Gallons	7.05
<u>Small Business Water</u>	
Minimum Charge/First 2,000 Gallons	\$ 56.81
2,001-over	5.96
<u>Retail Business Water</u>	
Minimum Charge	\$ 285.21
5,001-15,000	5.96
15,000-over	6.84
<u>Commercial Water</u>	
Minimum Charge	\$ 353.00
Above 50,000 Gallons	6.84
<u>Multi-Family Water</u>	
Minimum Charge	\$ 1034.96
5,001-over	6.84

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**TABLE 5 – SEWER RATES (EFFECTIVE OCTOBER, 2016)**

<b>Residential Sewer</b>		
Minimum Charge	\$	47.73
<b>Patriot Estates</b>		
Current	\$	47.73
<b>Small Business Sewer</b>		
Minimum Charge	\$	50.69
Above 5,000-10,000		2.54
Above 10,000		3.11
<b>Retail Business Sewer</b>		
Minimum Charge	\$	111.83
Above 50,000 Gallons		3.11
15,000-above		4.62
<b>Commercial Sewer</b>		
Minimum Charge	\$	195.16
Above 50,000 Gallons		4.93
<b>Multi-Family Sewer</b>		
Minimum Charge	\$	422.42
Above 50,000 Gallons		3.52

**TABLE 6 – SEWER SYSTEM PRODUCTION**

Fiscal Year	Annual Sewage Flow (000 Gallons)	Average Daily Flow (000 GPD)	Peak Daily Flow (000 GPD)
2013	127,035,000	348,041	391,000
2014	123,389,000	338,100	360,000
2015	141,569,500	387,900	184,600
2016	138,768,500	379,100	119,100
2017 <sup>(1)</sup>	135,344,310	370,551	268,949

(1) Estimated based upon FYE 2013-2016 averages plus an additional 2%.

**TABLE 7 – AVERAGE DAILY WATER USAGE**

Year Ended 9/30	Average Daily Usage	Total Pumped In
2013	283,700	111,289,030
2014	289,300	104,023,000
2015	253,067	91,104,200
2016	268,850	98,130,000
2017	295,083	107,772,000

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**APPENDIX C**

CERTAIN FINANCIAL AND OPERATING DATA OF  
MOUNTAIN CREEK REGIONAL WASTEWATER SYSTEM ENTERPRISE FUND

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# TRINITY RIVER AUTHORITY OF TEXAS

## NONMAJOR ENTERPRISE FUNDS COMBINING STATEMENT OF NET POSITION NOVEMBER 30, 2017

	DENTON CREEK REGIONAL WASTEWATER	RED OAK CREEK REGIONAL WASTEWATER	MOUNTAIN CREEK REGIONAL WASTEWATER	HUNTSVILLE REGIONAL WATER SUPPLY
<b>Assets</b>				
<b>Current Assets:</b>				
Unrestricted Assets:				
Cash	\$ 5	-	-	-
Equity in Pooled Cash and Investments	2,451,601	901,458	794,955	1,265,577
Accounts Receivable, Net of Allowance	-	-	-	-
Accounts Receivable - Contracting Parties	850,018	10,094	-	-
Contract Receivable - Current	-	-	-	-
Interest Receivable	-	-	-	-
System Contribution Receivable - Current	-	-	368,116	-
Prepays and Other Assets	53,072	31,212	16,736	-
Total Unrestricted Assets	3,354,696	942,764	1,179,807	1,265,577
Restricted Assets:				
Equity in Pooled Cash and Investments	32,861,825	13,224,790	2,858,582	5,588,970
Money Market Fund	3,766,540	215,572	-	-
US Government Agency and Instrumentality Obligations	8,392,524	-	-	-
Accounts Receivable - Contracting Parties	-	-	-	-
Accrued Investment Income	20,727	163	-	-
Total Restricted Assets	45,041,616	13,440,525	2,858,582	5,588,970
Total Current Assets	48,396,312	14,383,289	4,038,389	6,854,547
<b>Noncurrent Assets:</b>				
Capital Assets:				
Land and Easements	3,497,869	2,175,792	730,379	349,469
Water Storage Rights	-	-	-	-
Sewage System and Extensions	116,677,826	57,742,643	28,789,659	-
Buildings	-	-	-	-
Recreational Facilities	-	-	-	-
Water Transportation and Treatment Facilities	-	-	-	47,827,667
Machinery and Equipment	342,638	266,227	286,440	626,812
Construction-in-Progress	20,035,936	4,657,818	284,966	316,880
Accumulated Depreciation	(27,173,025)	(17,557,030)	(7,566,229)	(20,865,800)
Total Capital Assets, Net	113,381,244	47,285,450	22,525,215	28,255,028
Other Noncurrent Assets:				
Direct Financing Arrangement Receivable	-	-	-	-
Contract Receivable - Long Term	-	-	-	-
System Contribution Receivable	-	-	2,673,671	-
Total Other Noncurrent Assets	-	-	2,673,671	-
Total Noncurrent Assets	113,381,244	47,285,450	25,198,886	28,255,028
<b>Total Assets</b>	<b>\$ 161,777,556</b>	<b>61,668,739</b>	<b>29,237,275</b>	<b>35,109,575</b>
<b>Deferred Outflows of Resources</b>				
Deferred Amount on Refunding	\$ 321,727	641,895	-	95,053
Premium for Deferred Charges	-	-	-	-
<b>Total Deferred Outflows of Resources</b>	<b>\$ 321,727</b>	<b>641,895</b>	<b>-</b>	<b>95,053</b>

	DENTON CREEK REGIONAL WASTEWATER	RED OAK CREEK REGIONAL WASTEWATER	MOUNTAIN CREEK REGIONAL WASTEWATER	HUNTSVILLE REGIONAL WATER SUPPLY
<b>Liabilities</b>				
<b>Current Liabilities:</b>				
Payable from Unrestricted Assets:				
Accounts Payable and Accrued Expenses	\$ 87,655	55,835	43,647	298,278
Accounts Payable - Contracting Parties	2,795,991	264,842	336,224	459,075
System Contribution Payable - Current	-	-	368,116	-
Contracts Payable - Current Maturities	-	-	-	-
Unearned Revenue	659	320,000	-	123,302
Due to Other Authority Funds	12,537	7,774	6,715	10
Accrued Interest Payable	-	-	-	-
Total Payable from Unrestricted Assets	2,896,842	648,451	754,702	880,665
Payable from Restricted Assets:				
Accounts and Retainage Payable	988,705	537,571	82,815	239,406
Accrued Interest Payable	1,505,519	567,038	120,503	147,114
Revenue Bonds - Current Maturities	6,440,000	3,070,000	745,000	3,135,000
Total Payable from Restricted Assets	8,934,224	4,174,609	948,318	3,521,520
Total Current Liabilities	11,831,066	4,823,060	1,703,020	4,402,185
<b>Long-Term Liabilities:</b>				
Revenue Bonds Payable, Less Current Maturities	127,916,345	47,358,768	12,233,186	8,479,641
System Contribution Payable	-	-	2,673,671	-
Accounts Payable and Accrued Expenses	58,429	98,225	16,089	33,288
Unearned Revenue	-	-	-	-
Contracts Payable, Less Current Maturities	-	-	-	-
Total Long-Term Liabilities, Net	127,974,774	47,456,993	14,922,946	8,512,929
<b>Total Liabilities</b>	<b>\$ 139,805,840</b>	<b>52,280,053</b>	<b>16,625,966</b>	<b>12,915,114</b>
<b>Deferred Inflows of Resources</b>				
Deferred Gain on Refunding	\$ 45,583	17,050	-	-
<b>Total Deferred Inflows of Resources</b>	<b>\$ 45,583</b>	<b>17,050</b>	<b>-</b>	<b>-</b>
<b>Net Position</b>				
Net Investment in Capital Assets	\$ 8,876,806	4,042,355	11,103,016	17,736,605
Restricted for:				
Debt Service	12,871,629	5,750,088	1,087,181	4,201,285
Construction	-	-	-	-
Other Purpose	100,000	25,000	12,096	-
Unrestricted	399,425	196,088	409,016	351,624
<b>Total Net Position</b>	<b>\$ 22,247,860</b>	<b>10,013,531</b>	<b>12,611,309</b>	<b>22,289,514</b>

# TRINITY RIVER AUTHORITY OF TEXAS

## NONMAJOR ENTERPRISE FUNDS COMBINING STATEMENT OF NET POSITION NOVEMBER 30, 2017

	DENTON CREEK REGIONAL WASTEWATER	RED OAK CREEK REGIONAL WASTEWATER	MOUNTAIN CREEK REGIONAL WASTEWATER	HUNTSVILLE REGIONAL WATER SUPPLY
<b>Assets</b>				
<b>Current Assets:</b>				
Unrestricted Assets:				
Cash	\$ 5	-	-	-
Equity in Pooled Cash and Investments	2,451,601	901,458	794,955	1,265,577
Accounts Receivable, Net of Allowance	-	-	-	-
Accounts Receivable - Contracting Parties	850,018	10,094	-	-
Contract Receivable - Current	-	-	-	-
Interest Receivable	-	-	-	-
System Contribution Receivable - Current	-	-	368,116	-
Prepays and Other Assets	53,072	31,212	16,736	-
Total Unrestricted Assets	3,354,696	942,764	1,179,807	1,265,577
Restricted Assets:				
Equity in Pooled Cash and Investments	32,861,825	13,224,790	2,858,582	5,588,970
Money Market Fund	3,766,540	215,572	-	-
US Government Agency and Instrumentality Obligations	8,392,524	-	-	-
Accounts Receivable - Contracting Parties	-	-	-	-
Accrued Investment Income	20,727	163	-	-
Total Restricted Assets	45,041,616	13,440,525	2,858,582	5,588,970
Total Current Assets	48,396,312	14,383,289	4,038,389	6,854,547
<b>Noncurrent Assets:</b>				
Capital Assets:				
Land and Easements	3,497,869	2,175,792	730,379	349,469
Water Storage Rights	-	-	-	-
Sewage System and Extensions	116,677,826	57,742,643	28,789,659	-
Buildings	-	-	-	-
Recreational Facilities	-	-	-	-
Water Transportation and Treatment Facilities	-	-	-	47,827,667
Machinery and Equipment	342,638	266,227	286,440	626,812
Construction-in-Progress	20,035,936	4,657,818	284,966	316,880
Accumulated Depreciation	(27,173,025)	(17,557,030)	(7,566,229)	(20,865,800)
Total Capital Assets, Net	113,381,244	47,285,450	22,525,215	28,255,028
Other Noncurrent Assets:				
Direct Financing Arrangement Receivable	-	-	-	-
Contract Receivable - Long Term	-	-	-	-
System Contribution Receivable	-	-	2,673,671	-
Total Other Noncurrent Assets	-	-	2,673,671	-
Total Noncurrent Assets	113,381,244	47,285,450	25,198,886	28,255,028
<b>Total Assets</b>	<b>\$ 161,777,556</b>	<b>61,668,739</b>	<b>29,237,275</b>	<b>35,109,575</b>
<b>Deferred Outflows of Resources</b>				
Deferred Amount on Refunding	\$ 321,727	641,895	-	95,053
Premium for Deferred Charges	-	-	-	-
<b>Total Deferred Outflows of Resources</b>	<b>\$ 321,727</b>	<b>641,895</b>	<b>-</b>	<b>95,053</b>

	DENTON CREEK REGIONAL WASTEWATER	RED OAK CREEK REGIONAL WASTEWATER	MOUNTAIN CREEK REGIONAL WASTEWATER	HUNTSVILLE REGIONAL WATER SUPPLY
<b>Liabilities</b>				
<b>Current Liabilities:</b>				
Payable from Unrestricted Assets:				
Accounts Payable and Accrued Expenses	\$ 87,655	55,835	43,647	298,278
Accounts Payable - Contracting Parties	2,795,991	264,842	336,224	459,075
System Contribution Payable - Current	-	-	368,116	-
Contracts Payable - Current Maturities	-	-	-	-
Unearned Revenue	659	320,000	-	123,302
Due to Other Authority Funds	12,537	7,774	6,715	10
Accrued Interest Payable	-	-	-	-
Total Payable from Unrestricted Assets	2,896,842	648,451	754,702	880,665
Payable from Restricted Assets:				
Accounts and Retainage Payable	988,705	537,571	82,815	239,406
Accrued Interest Payable	1,505,519	567,038	120,503	147,114
Revenue Bonds - Current Maturities	6,440,000	3,070,000	745,000	3,135,000
Total Payable from Restricted Assets	8,934,224	4,174,609	948,318	3,521,520
Total Current Liabilities	11,831,066	4,823,060	1,703,020	4,402,185
<b>Long-Term Liabilities:</b>				
Revenue Bonds Payable, Less Current Maturities	127,916,345	47,358,768	12,233,186	8,479,641
System Contribution Payable	-	-	2,673,671	-
Accounts Payable and Accrued Expenses	58,429	98,225	16,089	33,288
Unearned Revenue	-	-	-	-
Contracts Payable, Less Current Maturities	-	-	-	-
Total Long-Term Liabilities, Net	127,974,774	47,456,993	14,922,946	8,512,929
<b>Total Liabilities</b>	<b>\$ 139,805,840</b>	<b>52,280,053</b>	<b>16,625,966</b>	<b>12,915,114</b>
<b>Deferred Inflows of Resources</b>				
Deferred Gain on Refunding	\$ 45,583	17,050	-	-
<b>Total Deferred Inflows of Resources</b>	<b>\$ 45,583</b>	<b>17,050</b>	<b>-</b>	<b>-</b>
<b>Net Position</b>				
Net Investment in Capital Assets	\$ 8,876,806	4,042,355	11,103,016	17,736,605
Restricted for:				
Debt Service	12,871,629	5,750,088	1,087,181	4,201,285
Construction	-	-	-	-
Other Purpose	100,000	25,000	12,096	-
Unrestricted	399,425	196,088	409,016	351,624
<b>Total Net Position</b>	<b>\$ 22,247,860</b>	<b>10,013,531</b>	<b>12,611,309</b>	<b>22,289,514</b>



# TRINITY RIVER AUTHORITY OF TEXAS

## NONMAJOR ENTERPRISE FUNDS

### COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2017

	DENTON CREEK REGIONAL WASTEWATER	RED OAK CREEK REGIONAL WASTEWATER	MOUNTAIN CREEK REGIONAL WASTEWATER	HUNTSVILLE REGIONAL WATER SUPPLY
<b>Operating Revenues:</b>				
Wastewater Contract Revenue	\$ 14,087,104	6,764,082	2,496,067	-
Water Supply Contract Revenue	-	-	-	7,100,355
Water Storage Contract Revenue	-	-	-	-
Raw Water Contract Revenue	-	-	-	-
Direct Financing Arrangement Revenue	-	-	-	-
Recreational Facilities Fees	-	-	-	-
Total Operating Revenues	14,087,104	6,764,082	2,496,067	7,100,355
<b>Operating Expenses:</b>				
Personal Services	996,477	674,905	517,647	517,637
Supplies	394,421	98,238	56,921	849,484
Other Services and Charges	2,364,959	1,321,724	1,009,027	2,167,381
Depreciation	2,796,022	1,388,055	796,836	1,351,160
Total Operating Expenses	6,551,879	3,482,922	2,380,431	4,885,662
<b>Operating Income (Loss)</b>	<b>7,535,225</b>	<b>3,281,160</b>	<b>115,636</b>	<b>2,214,693</b>
<b>Non-Operating Revenues (Expenses):</b>				
Interest Expense	(3,430,885)	(1,270,921)	(341,307)	(347,711)
Debt Issuance Costs	(441,321)	-	-	-
Investment Income	342,602	113,892	31,273	52,808
Debt Related Fees	(34,500)	(18,250)	(7,750)	(1,250)
Contributions	-	-	-	930,179
Contribution Refunds	-	-	-	-
Other	519	9	1,800	2,000
Total Non-Operating Revenues (Expenses) - Net	(3,563,585)	(1,175,270)	(315,984)	636,026
<b>Income (Loss) Before Gain On Debt Forgiveness and Transfers</b>	<b>3,971,640</b>	<b>2,105,890</b>	<b>(200,348)</b>	<b>2,850,719</b>
TRANSFERS IN	293,619	-	-	-
TRANSFERS OUT	-	-	-	-
<b>Change in Net Position</b>	<b>4,265,259</b>	<b>2,105,890</b>	<b>(200,348)</b>	<b>2,850,719</b>
<b>Net Position - December 1, 2016</b>	<b>17,982,601</b>	<b>7,907,641</b>	<b>12,811,657</b>	<b>19,438,795</b>
<b>Net Position - November 30, 2017</b>	<b>\$ 22,247,860</b>	<b>10,013,531</b>	<b>12,611,309</b>	<b>22,289,514</b>

# TRINITY RIVER AUTHORITY OF TEXAS

## NONMAJOR ENTERPRISE FUNDS

### COMBINING STATEMENT OF CASH FLOWS

FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2017

	DENTON CREEK REGIONAL WASTEWATER	RED OAK CREEK REGIONAL WASTEWATER	MOUNTAIN CREEK REGIONAL WASTEWATER	HUNTSVILLE REGIONAL WATER SUPPLY
<b>Cash Flows from Operating Activities:</b>				
Cash Received from Customers	\$ 16,033,077	7,338,829	2,832,291	7,682,730
Cash Received on Direct Financing Arrangement	-	-	-	-
Cash Payments to Suppliers for Goods and Services	(2,013,860)	(974,763)	(857,530)	(1,791,458)
Cash Payments for Employee Services	(999,377)	(692,426)	(536,039)	(537,348)
Cash Payments to Other Funds for Services	(862,737)	(486,181)	(265,248)	(1,050,760)
Cash Payments to Customers	(1,720,311)	(1,572,926)	(348,115)	(116,285)
Cash from Other Sources	519	9	-	-
Net Cash Provided by (Used For) Operating Activities	10,437,311	3,612,542	825,359	4,186,879
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Acquisition and Construction of Capital Assets, Exclusive of Capitalized Interest	(4,655,625)	(2,737,220)	(219,362)	(572,616)
Principal Paid on Revenue Bond Maturities	(6,530,000)	(3,045,000)	(720,000)	(3,020,000)
Interest Paid on Revenue Bonds	(3,862,805)	(1,598,905)	(378,250)	(559,317)
Principal Paid on Contracts Payable	-	-	-	-
Interest Paid on Contracts Payable	-	-	-	-
Debt Related Fees	(67,500)	(35,750)	(14,750)	(1,750)
Net Proceeds from the Sale of Capital Assets	-	-	1,800	2,000
Debt Issuance Costs Refunded	10,275	-	-	-
Cash Deposited in Trust for Defeasance of Debt	(264,778)	-	-	-
Contributions Refunded	-	-	-	-
Contributions Received	-	-	-	930,179
Net Cash Provided by (Used for) Capital and Related Financing Activities	(15,370,433)	(7,416,875)	(1,330,562)	(3,221,504)
<b>Cash Flows from Investing Activities:</b>				
Purchase of Investments	(18,373,208)	-	-	-
Proceeds from the Sales and Maturities of Investments	9,978,458	-	-	-
Cash Received for Investment Income	326,778	113,813	31,273	52,808
Net Cash Provided by (Used For) Investing Activities	(8,067,972)	113,813	31,273	52,808
<b>Total Change in Cash and Cash Equivalents</b>	<b>(13,001,094)</b>	<b>(3,690,520)</b>	<b>(473,930)</b>	<b>1,018,183</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>52,081,065</b>	<b>18,032,340</b>	<b>4,127,467</b>	<b>5,836,364</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 39,079,971</b>	<b>14,341,820</b>	<b>3,653,537</b>	<b>6,854,547</b>

	DENTON CREEK REGIONAL WASTEWATER	RED OAK CREEK REGIONAL WASTEWATER	MOUNTAIN CREEK REGIONAL WASTEWATER	HUNTSVILLE REGIONAL WATER SUPPLY
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</b>				
Operating Income (Loss)	\$ 7,535,225	3,281,160	115,636	2,214,693
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Depreciation	2,796,022	1,388,055	796,836	1,351,160
Miscellaneous Income	519	9	-	-
Change in Assets and Liabilities:				
Due to Other Authority Funds	(10,098)	(3,306)	(2,923)	10
Due from Other Authority Funds	-	-	41	-
Accounts Receivable - Contracting Parties	(850,018)	(10,094)	-	-
Contracts Receivable	-	-	-	-
Interest Receivable	-	-	-	-
Accounts Receivable	-	-	-	-
Prepays and Other Assets	(5,964)	(9,801)	(2,090)	-
Accounts Payable - Contracting Parties	1,075,680	(1,308,085)	(11,891)	342,790
Accounts Payable and Accrued Expenses	(104,055)	(45,396)	(70,250)	154,926
Direct Financing Arrangement Receivable	-	-	-	-
Unearned Revenue	-	320,000	-	123,300
Premium for Deferred Charges	-	-	-	-
Total Adjustments	2,902,086	331,382	709,723	1,972,186
Net Cash Provided by (Used For) Operating Activities	\$ 10,437,311	3,612,542	825,359	4,186,879
<b>Supplemental Noncash Disclosures:</b>				
Amortization of Bond Premium/Discount	\$ (471,572)	(409,368)	(27,497)	(213,227)
Amortization of Loss on Refunding	42,331	61,049	-	41,890
Change in Liabilities Related to Capital Assets	(837,383)	4,117	(195,254)	(217,099)
Change in Fair Value of Investments	2,226	-	-	-
Bond Proceeds Deposited in Trust for Defeasance of Debt	(41,197,562)	-	-	-
Bond Issuance Costs Retained from Bond Proceeds	(451,596)	-	-	-
Transfer of Capital Assets	293,619	-	-	-

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**APPENDIX D**

FORM OF BOND COUNSEL'S OPINION

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**Proposed Form of Opinion of Bond Counsel**

*An opinion in substantially the following form will be delivered by McCall,  
Parkhurst & Horton L.L.P., Bond Counsel, upon the delivery of the  
Bonds, assuming no material changes in facts or law.*

**TRINITY RIVER AUTHORITY OF TEXAS  
MOUNTAIN CREEK REGIONAL WASTEWATER SYSTEM  
REVENUE BONDS, SERIES 2018**

**IN THE AGGREGATE PRINCIPAL AMOUNT OF \$7,675,000**

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AS BOND COUNSEL FOR THE TRINITY RIVER AUTHORITY OF TEXAS (the "*Issuer*") of the Bonds described above (the "*Bonds*"), we have examined into the legality and validity of the Bonds, which are payable, bear interest and are subject to further provisions, all in accordance with the terms and conditions stated in the text of the Bonds and the resolution of the Issuer authorizing the issuance of the Bonds, including the Pricing Certificate of General Manager authorized thereby (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 Bonds, including one of the executed Bonds (Bond Number T-1).

BASED ON SAID EXAMINATION, it is our opinion that the Bonds have been authorized, issued and duly delivered in accordance with law; and that, except as may be limited by laws applicable to the Issuer relating to federal bankruptcy laws and any other similar laws affecting the rights of creditors of political subdivisions generally, which rights may be limited by general principles of equity which permit the exercise of judicial discretion, (i) the covenants and agreements in the Bond Resolution constitute valid and binding obligations of the Issuer, and the Bonds constitute valid and legally binding special obligations of the Issuer which, together with other outstanding bonds, are secured by and payable from a first lien on and pledge of the Pledged Revenues (as defined in the Bond Resolution), and include payments and amounts received by the Issuer pursuant to certain contracts with the Cities of Grand Prairie, Midlothian, Venus and Mansfield, Texas relating to its Mountain Creek Regional Wastewater System (the "*Contracts*") and (ii) said Contracts are authorized by law, have been duly executed, are valid, and are legally binding upon and enforceable by the parties thereto in accordance with their terms and provisions.

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



THE ISSUER also has reserved the right to amend the Bond 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 Pledged Revenues.

THE REGISTERED OWNERS of the Bonds shall never have the right to demand payment of the principal thereof or interest thereon from any source whatsoever other than specified in the Bond Resolution.

IT IS FURTHER OUR OPINION, except as discussed below, that the interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes under the statutes, regulations, published rulings and court decisions existing on the date of this opinion. We are further of the opinion that the Bonds are not "specified private activity bonds" and that, accordingly, interest on the Bonds will not be included as an individual or corporate alternative minimum tax preference item under Section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). In expressing the aforementioned opinions, we have relied on, and assume compliance by the Issuer with, certain covenants regarding the use and investment of the proceeds of the Bonds and the use of the property financed therewith. We call your attention to the fact that if such representations are determined to be inaccurate or upon failure by the Issuer to comply with such covenants, interest on the Bonds may become includable in gross income retroactively to the date of issuance of the Bonds.

EXCEPT AS STATED ABOVE, we express no opinion as to any other federal, state or local tax consequences of acquiring, carrying, owning or disposing of the Bonds.

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

OUR SOLE ENGAGEMENT in connection with the issuance of the Bonds is as Bond Counsel for the Issuer, and, in that capacity, we have been engaged by the Issuer for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Bonds for federal income tax purposes, and for no other reason or purpose. We have not been requested to investigate or verify, and have not independently investigated or verified any records, data, or other material relating to the financial condition or capabilities of the Issuer or the Contracting Parties or the disclosure thereof in connection with the sale of the Bonds, and have not assumed any responsibility with respect thereto or with respect to the adequacy of the Pledged Revenues. We express no opinion and make no comment with respect to the marketability of the Bonds and have relied solely on certificates executed by officials of the Issuer as to the current outstanding indebtedness of, and sufficiency of the Pledged Revenues. Our role in connection with the Issuer's offering document prepared for use in connection with the sale of the Bonds has been limited as described therein.





OUR OPINIONS ARE BASED ON EXISTING LAW, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of a result and are not binding on the Internal Revenue Service (the "Service"). Rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the Issuer as the taxpayer. We observe that the Issuer has covenanted not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Bonds as includable in gross income for federal income tax purposes.

Respectfully,

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