
TRANSCRIPT OF PROCEEDINGS

RELATING TO

\$10,005,000

TRINITY RIVER AUTHORITY OF TEXAS
NORTHEAST LAKEVIEW WASTEWATER TRANSPORTATION
PROJECT REVENUE REFUNDING BOND, SERIES 2017

DATE OF DELIVERY

February 1, 2017

McCALL
PARKHURST & HORTON

717 North Harwood, Suite 900 | Dallas, TX 75201 | 214.754.9200

CONTACT

Jeff Gulbas 214.754.9260

MCCALL

PARKHURST & HORTON

*Transcript of Proceedings Submitted to Texas Attorney General
of the State of Texas*

TRINITY RIVER AUTHORITY OF TEXAS
\$10,005,000 NORTHEAST LAKEVIEW WASTEWATER TRANSPORTATION PROJECT
REVENUE REFUNDING BOND, SERIES 2017

<u>Title of Document</u>	<u>Tab</u>
Resolution Authorizing and Providing For The Issuance, Sale, and Delivery of Trinity River Authority of Texas Northeast Lakeview Wastewater Transportation Project Revenue Bonds, and Approving and Authorizing Instruments and Procedures Relating Thereto	1
Pricing Certificate for the Bond.....	2
Bond Purchase Agreement	3
Sufficiency Certificate.....	4
Bond Review Board Report	5
Paying Agent/Registrar Agreement	6
Acknowledgement of Giving Notice of Redemption	7
General and No-Litigation Certificate	8
Initial Bond R-1	9
Refunded Bond Resolutions and Pricing Certificates	10

MCCALL

PARKHURST & HORTON

Transcript of Proceedings

TRINITY RIVER AUTHORITY OF TEXAS

\$10,005,000 NORTHEAST LAKEVIEW WASTEWATER TRANSPORTATION PROJECT
REVENUE REFUNDING BOND, SERIES 2017

<u>Title of Document</u>	<u>Tab</u>
Order Authorizing the Issuance of the Bonds	1
Pricing Certificate for the Bonds.....	2
Bond Purchase Agreement	3
Paying Agent/Registrar Agreement	4
General and No-Litigation Certificate	5
Escrow Sufficiency Certificate.....	6
Acknowledgement of Giving Notice of Redemption	7
Federal Tax Certificate.....	8
IRS Form 8038-G.....	9
Closing Memorandum	10
Attorney General Opinion and Comptroller Registration Certificates.....	11
Opinion of McCall, Parkhurst & Horton L.L.P.	12
Additional Bonds Opinion of McCall, Parkhurst & Horton L.L.P.	13
Specimen Bond.....	14
Bond Pricing and Debt Service Schedules.....	15

RESOLUTION NO. R-1467

CERTIFICATE FOR
RESOLUTION AUTHORIZING AND PROVIDING FOR THE ISSUANCE, SALE, AND
DELIVERY OF TRINITY RIVER AUTHORITY OF TEXAS NORTHEAST LAKEVIEW
WASTEWATER TRANSPORTATION PROJECT REVENUE BONDS, AND APPROVING AND
AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO

THE STATE OF TEXAS :
TRINITY RIVER AUTHORITY OF TEXAS :

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

1. The Board of Directors of said Authority convened in REGULAR MEETING ON THE 24TH DAY OF AUGUST, 2016, at the designated meeting place, and the roll was called of the duly constituted officers and members of said Board, to-wit:

David B. Leonard, President	John W. Jenkins
Christina M. Crain, Vice President	Jess A. Laird
Howard S. Slobodin, Secretary	Kevin Maxwell
Harold L. Barnard	Dennis "Joe" McCleskey
Henry Borbolla III	James W. Neale
William W. Collins, Jr.	Manny Rachal
Vacant	Amir A. Rupani
Steve Cronin	Ana Laura Saucedo
Amanda B. Davis	Shirley K. Seale
Valerie E. Ertz	Dudley K. Skyrme
Tommy G. Fordyce	C. Dwayne Somerville
Ronald J. Goldman	J. Carol Spillars
Martha A. Hernandez	Kim C. Wyatt

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

RESOLUTION AUTHORIZING AND PROVIDING FOR THE ISSUANCE, SALE, AND
DELIVERY OF TRINITY RIVER AUTHORITY OF TEXAS NORTHEAST LAKEVIEW
WASTEWATER TRANSPORTATION PROJECT REVENUE BONDS, AND APPROVING AND
AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO

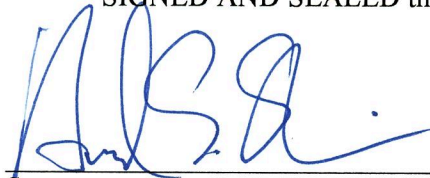
was duly introduced for the consideration of said Board and duly read. It was then duly moved and seconded that said Resolution be adopted; and, after due discussion, said motion, carrying with it the adoption of said resolution, prevailed and carried with all members present voting "AYE" except the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

NAY: None.

ABSTAIN: None.

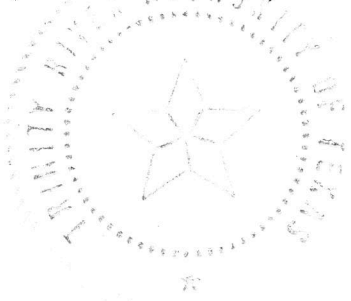
2. That a true, full, and correct copy of the aforesaid Resolution adopted at the Meeting described in the above and foregoing paragraph is attached to and follows this Certificate; that said Resolution has been duly recorded in said Board's minutes of said Meeting; that the above and foregoing paragraph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

SIGNED AND SEALED the 24th day of August, 2016.



Secretary, Board of Directors,
Trinity River Authority of Texas

(AUTHORITY SEAL)



RESOLUTION NO. R-1467

RESOLUTION AUTHORIZING AND PROVIDING FOR THE ISSUANCE, SALE, AND DELIVERY OF TRINITY RIVER AUTHORITY OF TEXAS NORTHEAST LAKEVIEW WASTEWATER TRANSPORTATION PROJECT REVENUE BONDS, AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO

THE STATE OF TEXAS :
TRINITY RIVER AUTHORITY OF TEXAS :

WHEREAS, Trinity River Authority of Texas, is an agency and political subdivision of the State of Texas, being a conservation and reclamation district created and functioning under Article 16, Section 59, of the Texas Constitution, pursuant to the provisions of Chapter 518, Acts of the 54th Legislature, Regular Session, 1955, as amended (the "Issuer Act"); and

WHEREAS, a "Trinity River Authority of Texas - Northeast Lakeview Wastewater Transportation System Contract" (the "Contract") has been duly executed among Trinity River Authority of Texas (hereinafter called the "Issuer" or the "Authority") and the Cities of Cedar Hill and Grand Prairie, Texas (the "Cities"), with respect to the acquisition and construction by the Issuer, for the benefit of the Cities, of a wastewater transportation "Project" as described in the Contract; and

WHEREAS, the date of the Contract is July 1, 2005; and

WHEREAS, the Contract was duly amended by the parties as of April 1, 2006; and

WHEREAS, the Contract, as amended, is hereby referred to and adopted for all purposes, the same as if it had been set forth in its entirety in this Resolution; and

WHEREAS, the Contract authorizes the Issuer to issue the Bonds in the manner and amount and with the security, as hereinafter provided, to fund the Project; and

WHEREAS, the Issuer heretofore issued its "Northeast Lakeview Wastewater Transportation System Project Revenue Bonds, Series 2006" (the "Series 2006 Bonds") and its "Northeast Lakeview Wastewater Transportation System Project Revenue Bonds, Series 2007" (the "Series 2007 Bonds") for the purposes of paying costs of acquisition and construction of the Project; and

WHEREAS, the resolutions of the Issuer authorizing the issuance of the Series 2006 Bonds and the Series 2007 Bonds (collectively, the "Refunded Bonds") permit the issuance of Additional Bonds (as hereinafter defined) on a parity with the Series 2006 Bonds and the Series 2007 Bonds for the purpose of refunding the Refunded Bonds; and

WHEREAS, the bonds authorized to be issued by this Resolution (the "Bonds") shall be issued on a parity with Series 2006 Bonds and Series 2007 Bonds outstanding after the issuance of the Bonds; and

WHEREAS, the Bonds shall be issued and delivered pursuant to the Issuer Act, Chapter 30, Texas Water Code, Chapters 791 and 1207, Texas Government Code, and other applicable laws.

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

Section 1. RECITALS, AMOUNT AND PURPOSE OF THE BONDS. The Board of Directors hereby incorporates the recitals set forth in the preamble hereto as if set forth in full at this place and further finds and determines that said recitals are true and correct. In order to obtain funds to pay the costs of refunding certain maturities of the outstanding Refunded Bonds, the Board of Directors hereby authorizes and directs the issuance of revenue bonds of the Issuer, in one or more series, in the aggregate principal amount of not to exceed \$11,695,000.

Section 2. DESIGNATION, DATE, DENOMINATIONS, NUMBERS, MATURITIES AND SALE OF BONDS. (a) Each Bond issued pursuant to this Resolution shall be designated: "TRINITY RIVER AUTHORITY OF TEXAS NORTHEAST LAKEVIEW WASTEWATER TRANSPORTATION PROJECT REVENUE REFUNDING BOND, SERIES ____", subject to paragraph (b) of this section.

(b) As authorized by Chapter 1207, Texas Government Code, as amended, the General Manager and/or the Chief Financial Officer of the Issuer is hereby designated as the "Pricing Officer" of the Issuer, and is hereby authorized, appointed, and designated as the officer or employee of the Issuer authorized to act on behalf of the Issuer in the selling and delivering of the Bonds and carrying out the other procedures specified in this Resolution, including the use of a book-entry-only system with respect to the Bonds and the execution of an appropriate letter of representations if deemed appropriate, the determining and fixing of the date of the Bonds, any additional or different designation or title by which the Bonds shall be known, the price at which the Bonds will be sold, the aggregate principal amount of the Bonds and the amount of each maturity of principal thereof, the due date of each such maturity (not exceeding forty years from the date of the Bonds), the rate of interest to be borne by each such maturity, the interest payment dates and periods, the dates, price and terms upon and at which the Bonds shall be subject to redemption prior to due date or maturity at the option of the Issuer, any mandatory sinking fund redemption provisions, procuring municipal bond insurance, and approving modifications to this Resolution and executing such instruments, documents and agreements as may be necessary with respect thereto, if it is determined that such insurance would be financially desirable and advantageous, and all other matters relating to the issuance, sale and delivery of the Bonds. The Pricing Officer, acting for and on behalf of the Issuer, is authorized to arrange for the Bonds to be sold at a private placement, negotiated or competitive sale, at such price, in the aggregate principal amount not exceeding the maximum amount set forth in Section 1 hereof, with such maturities of principal, with such interest rates, and with such optional and mandatory sinking fund redemption provisions, if any, and other matters, as shall be set forth in a certification by the Pricing Officer. The Bonds shall not be sold at a price less than 95% of the initial aggregate principal amount thereof plus accrued interest thereon from their date to their delivery, and no Bond shall bear interest at a rate greater than 10% per annum. The Pricing Officer shall determine if the provisions of Rule 15c2-12 of the United States Securities and Exchange Commission relating to continuing disclosure of information shall be required to be complied with and, if required, what disclosure will be required to be complied with by the Issuer, all of which shall be specified in the "Pricing Certificate" executed by the Pricing Officer.

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

(d) If the Pricing Officer determines that the Bonds should be sold by a negotiated sale, the Pricing Officer shall designate the senior managing underwriter for the Bonds and such additional investment banking firms as deemed appropriate to assure that the Bonds are sold on the most advantageous terms to the Issuer. The Pricing Officer, acting for and on behalf of the Issuer, is authorized to enter into and carry out the terms of a bond purchase contract for the Bonds to be sold by

negotiated sale, with the underwriter(s) thereof at such price, with and subject to such terms as determined by the Pricing Officer subject to the parameters set forth in this Resolution. Any such bond purchase contract shall be substantially in a form and substance previously approved by the Board in connection with the authorization of bonds by the Issuer with such changes as are acceptable to the Pricing Officer. The Pricing Officer shall cause to be prepared an official statement in such manner as the Pricing Officer deems appropriate.

(e) If the Pricing Officer determines that the Bonds should be sold at a competitive sale, the Pricing Officer shall cause to be prepared a notice of sale and official statement in such manner as the Pricing Officer deems appropriate, to make the notice of sale and official statement available to those institutions and firms wishing to submit a bid for the Bonds, to receive such bids, and to award the sale of the Bonds to the bidder submitting the best bid in accordance with the provisions of the notice of sale.

(f) In establishing the aggregate principal amount of any series of the Bonds, the Pricing Officer shall establish an amount within the amount authorized in Section 1 hereof, which amount shall be sufficient, together with other funds on hand available for the purpose, to provide, *inter alia*, for (i) the payment of the costs of issuance of the Bonds and (ii) the refunding of the maturities of the Refunded Bonds in a manner that will achieve a target present value savings with respect to the Refunded Bonds of at least (A) three percent (3.00%), if the refunding is treated as being an advance refunding pursuant to the Code or (B) two percent (2.00%), if the refunding is treated as being a current refunding pursuant to the Code.

(g) It is hereby found and determined that the refunding of the Refunded Bonds meeting the criteria set forth in paragraph (c) of this section is advisable and necessary in order to restructure the debt service requirements and procedures of the Issuer, and that the debt service requirements on the Bonds issued for refunding purposes will be less than those on the Refunded Bonds, resulting in a reduction in the amount of principal and interest which otherwise would be payable. The Refunded Bonds are subject to redemption, at the option of the Issuer, and the Pricing Officer is hereby authorized to cause all of the Refunded Bonds being refunded to be called for redemption on the respective date or dates consistent with the savings analysis set forth in paragraph (c) of this section, and the proper notices of such redemption to be given, and in each case at a redemption price of par, plus accrued interest to the date fixed for redemption. The Pricing Officer is further authorized, if deemed appropriate or necessary, to enter into and execute on behalf of the Issuer an escrow or deposit agreement with a paying agent for the Refunded Bonds, substantially in the form and substance as presented to the Board concurrently with the adoption of this Resolution with such changes thereto as shall be approved by the Pricing Officer, which escrow or deposit agreement will provide for the payment in full of the Refunded Bonds being refunded. In addition, the Pricing Officer is authorized to purchase such securities with proceeds of the Bonds, to execute such subscriptions for the purchase of the United States Treasury Securities, State and Local Government Series and to transfer and deposit such cash from available funds, as may be necessary for the escrow fund described in such escrow or deposit agreement.

Section 3. CHARACTERISTICS OF THE BONDS. Registration, Transfer, Conversion and Exchange; Authentication. (a) The Issuer shall keep or cause to be kept at the designated corporate trust office of the bank named in the Pricing Certificate (the "Paying Agent/Registrar") books or records for the registration of the transfer, conversion, and exchange of the Bonds (the "Registration Books"), and the Issuer hereby directs the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such registrations of transfers, conversions, and exchanges under such reasonable regulations as the Issuer and Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such registrations, transfers, conversions, and exchanges as herein pro-

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

Except as provided in Section 3(c) hereof, an authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Bond, date and manually sign said Bond, and no such Bond shall be deemed to be issued or outstanding unless such Bond is so executed. The Paying Agent/Registrar promptly shall cancel all paid Bonds and Bonds surrendered for conversion and exchange. No additional ordinances, orders, or resolutions need be passed or adopted by the governing body of the Issuer or any other body or person so as to accomplish the foregoing conversion and exchange of any Bond or portion thereof, and the Paying Agent/Registrar shall provide for the printing, execution, and delivery of the substitute Bonds in the manner prescribed herein, and said Bonds shall be of type composition printed on paper with lithographed or steel engraved borders of customary weight and strength. Pursuant to Subchapter D, Chapter 1201, Texas Government Code, the duty of conversion and exchange of Bonds as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of said Certificate, the converted and exchanged Bond shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Bonds which initially were issued and delivered pursuant to this Resolution, approved by the Attorney General, and registered by the Comptroller of Public Accounts.

(b) Payment of Bonds and Interest. The Issuer hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of and interest on the Bonds, all as provided in this Resolution. The Paying Agent/Registrar shall keep proper records of all payments made by the Issuer and the Paying Agent/Registrar with respect to the Bonds, and of all conversions and exchanges of Bonds, and all replacements of Bonds, as provided in this Resolution. However, in the event of a nonpayment of interest on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Issuer. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each registered owner appearing on the Registration Books at the close of business on the last business day next preceding the date of mailing of such notice.

(c) In General. The Bonds (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on such Bonds to be payable only to the registered owners thereof, (ii) may or shall be redeemed prior to their scheduled maturities (notice of which shall be given to the Paying Agent/Registrar by the Issuer at least 50 days prior to any such redemption date), (iii) transferred and assigned, (iv) may be converted and exchanged for other Bonds, (v) shall have the characteristics, (vi) shall be signed, sealed, executed and authenticated, (vii) the principal of and interest on the Bonds shall be payable, and (viii) shall be administered and the Paying Agent/Registrar

and the Issuer shall have certain duties and responsibilities with respect to the Bonds, all as provided, and in the manner and to the effect as required or indicated, in the FORM OF BOND set forth in this Resolution. The Bonds initially issued and delivered pursuant to this Resolution are not required to be, and shall not be, authenticated by the Paying Agent/Registrar, but on each substitute Bond issued in conversion of and exchange for any Bond or Bonds issued under this Resolution the Paying Agent/Registrar shall execute the PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE, in the form set forth in the FORM OF BOND.

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

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

With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the Issuer and the Paying Agent/Registrar shall have no responsibility or obligation to any securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created ("DTC Participant") to hold securities to facilitate the clearance and settlement of securities transactions among DTC Participants or to any person on behalf of whom such a DTC Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the Issuer and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other person, other than a registered owner of Bonds, as shown on the Registration Books, of any notice with respect to the Bonds, or (iii) the payment to any DTC Participant or any other person, other than a registered owner of Bonds, as shown in the Registration Books of any amount with respect to principal of or interest on the Bonds. Notwithstanding any other provision of this Resolution to the contrary, the Issuer and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Bond is registered in the Registration Books as the absolute owner of such Bond for the purpose of payment of

principal and interest with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of and interest on the Bonds only to or upon the order of the registered owners, as shown in the Registration Books as provided in this Resolution, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Issuer's obligations with respect to payment of principal of and interest on the Bonds to the extent of the sum or sums so paid. No person other than a registered owner, as shown in the Registration Books, shall receive a Bond certificate evidencing the obligation of the Issuer to make payments of principal and interest pursuant to this Resolution. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Resolution with respect to interest checks being mailed to the registered owner at the close of business on the Record date, the words "Cede & Co." in this Resolution shall refer to such new nominee of DTC.

(f) Successor Securities Depository; Transfers Outside Book-Entry Only System. In the event that the Issuer determines that DTC is incapable of discharging its responsibilities described herein and in the representation letter of the Issuer to DTC or that it is in the best interest of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, the Issuer shall (i) appoint a successor securities depository, qualified to act as such under Section 17A of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor securities depository or (ii) notify DTC and DTC Participants of the availability through DTC of Bonds and transfer one or more separate Bonds to DTC Participants having Bonds credited to their DTC accounts. In such event, the Bonds shall no longer be restricted to being registered in the Registration Books in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names registered owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Resolution.

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

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

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

mailing date for the notice, the date of redemption, the redemption price, the name of the Paying Agent/Registrar and the address at which the Bonds may be redeemed, including a contact person and telephone number.

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

Section 4. FORM OF BONDS. The form of the Bonds, including the form of Paying Agent/Registrar's Authentication Certificate, the form of Assignment and the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas to be attached to the Bonds initially issued and delivered pursuant to this Resolution, shall be, respectively, substantially as follows, with such appropriate variations, omissions, or insertions as are permitted or required by this Resolution.

(a) Form of Bonds:

FORM OF BOND

NO. R-

PRINCIPAL
AMOUNT
\$

UNITED STATES OF AMERICA
STATE OF TEXAS
TRINITY RIVER AUTHORITY OF TEXAS
NORTHEAST LAKEVIEW WASTEWATER TRANSPORTATION PROJECT
REVENUE REFUNDING BONDS
SERIES ____

INTEREST RATE

DATE OF ISSUANCE

MATURITY DATE

CUSIP NO.

REGISTERED OWNER:

PRINCIPAL AMOUNT:

DOLLARS

ON THE MATURITY DATE specified above, the TRINITY RIVER AUTHORITY OF TEXAS (the "Issuer"), being a governmental agency, and body corporate and politic of the State of Texas, hereby promises to pay to the Registered Owner set forth above, or registered assigns (hereinafter called the "registered owner") the principal amount set forth above, and to pay interest thereon from the Date of Issuance as set forth above, on _____, ____ and semiannually thereafter on each _____ and _____ to the maturity date specified above, or the date of redemption prior to maturity, at the interest rate per annum specified above; except that if this Bond is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such principal amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof

the interest on the Bond or Bonds, if any, for which this Bond is being exchanged or converted from is due but has not been paid, then this Bond shall bear interest from the date to which such interest has been paid in full.

THE PRINCIPAL OF AND INTEREST ON this Bond are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Bond shall be paid to the registered owner hereof upon presentation and surrender of this Bond at maturity or upon the date fixed for its redemption prior to maturity, at the principal corporate trust office of _____, which is the "Paying Agent/Registrar" for this Bond. The payment of interest on this Bond shall be made by the Paying Agent/Registrar to the registered owner hereof on each interest payment date by check or draft, dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the Issuer required by the Resolution authorizing the issuance of this Bond (the "Bond Resolution") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check or draft shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the registered owner hereof, at its address as it appeared on the fifteenth calendar day of the month next preceding each such date (the "Record Date") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. In addition, interest may be paid by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Issuer. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each owner of a Bond appearing on the Registration Books at the close of business on the last business day next preceding the date of mailing of such notice.

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

IF THE DATE for the payment of the principal of or interest on this Bond shall be a Saturday, Sunday, a legal holiday, or a day on which banking institutions in the city where the principal corporate trust office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day on which banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

THIS BOND is one of a Series of Bonds dated _____, authorized in accordance with the Constitution and laws of the State of Texas in the principal amount of \$_____, IN ORDER TO OBTAIN FUNDS TO PAY THE COSTS OF REFUNDING CERTAIN OUTSTANDING BONDS OF THE ISSUER.

ON _____, _____, or on any date thereafter, the Bonds of this Series may be redeemed prior to their scheduled maturities, at the option of the Issuer, with funds derived from any available

and lawful source, as a whole, or in part, and, if in part, the particular Bonds to be redeemed shall be selected and designated by the Issuer, at the redemption price of the principal amount, plus accrued interest to the date fixed for redemption.

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

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

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

AT LEAST 30 days prior to the date fixed for any redemption of Bonds or portions thereof prior to maturity a written notice of such redemption shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, to the registered owner of each Bond to be redeemed at its address as it appeared on the day such notice of redemption is mailed and to major securities depositories, national bond rating agencies and bond information services; provided, however, that the failure of the registered owner to receive such notice, or any defect therein or in the sending or mailing thereof, shall not affect the validity or effectiveness of the proceedings for the redemption of any Bond. By the date fixed for any such redemption, due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for the Bonds or portions thereof which are to be so redeemed. If such written notice of redemption is sent and if due provision for such payment is made, all as provided above, the Bonds or portions thereof which are to be so redeemed thereby automatically shall be treated as redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the registered owner to receive the redemption price from the Paying Agent/Registrar out of the funds provided for such payment. If a portion of any Bond shall be redeemed a substitute Bond or Bonds having the same maturity date, bearing interest at the same rate, in any denomination or denominations in any integral multiple of \$5,000, at the written request of the registered owner, and in aggregate amount equal to the unredeemed portion thereof, will be issued to the registered owner upon the surrender thereof for cancellation, at the expense of the Issuer, all as provided in the Bond Resolution.

ALL BONDS OF THIS SERIES are issuable solely as fully registered Bonds, without interest coupons, in the denomination of any integral multiple of \$5,000. As provided in the Bond Resolution, this Bond, or any unredeemed portion hereof, may, at the request of the registered owner or the assignee or assignees hereof, be assigned, transferred, converted into and exchanged for a like aggregate principal amount of fully registered Bonds, without interest coupons, payable to the appropriate registered owner, assignee or assignees, as the case may be, having the same denomination

or denominations in any integral multiple of \$5,000 as requested in writing by the appropriate registered owner, assignee or assignees, as the case may be, upon surrender of this Bond to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Bond Resolution. Among other requirements for such assignment and transfer, this Bond must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Bond or any portion or portions hereof in any integral multiple of \$5,000 to the assignee or assignees in whose name or names this Bond or any such portion or portions hereof is or are to be registered. The form of Assignment printed or endorsed on this Bond may be executed by the registered owner to evidence the assignment hereof, but such method is not exclusive, and other instruments of assignment satisfactory to the Paying Agent/Registrar may be used to evidence the assignment of this Bond or any portion or portions hereof from time to time by the registered owner. The Paying Agent/Registrar's reasonable standard or customary fees and charges for assigning, transferring, converting and exchanging any Bond or portion thereof will be paid by the Issuer. In any circumstance, any taxes or governmental charges required to be paid with respect thereto shall be paid by the one requesting such assignment, transfer, conversion or exchange, as a condition precedent to the exercise of such privilege. The Paying Agent/Registrar shall not be required to make any such transfer, conversion or exchange (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or, (ii) with respect to any Bond or any portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date.

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

IT IS HEREBY certified, recited, and covenanted that this Bond has been duly and validly authorized, issued, sold, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this Bond have been performed, existed, and been done in accordance with law; that this Bond is a special obligation of the Issuer which, together with other bonds, is 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 the "Trinity River Authority of Texas - Northeast Lakeview Wastewater Transportation System Contract" dated as of July 1, 2005, as amended, among the Issuer and the Cities of Cedar Hill and Grand Prairie, Texas.

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

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

BY BECOMING the registered owner of this Bond, the registered owner thereby acknowledges all of the terms and provisions of the Bond Resolution, agrees to be bound by such

terms and provisions, acknowledges that the Bond Resolution is duly recorded and available for inspection in the official minutes and records of the governing body of the Issuer, and agrees that the terms and provisions of this Bond and the Bond Resolution constitute a contract between each registered owner hereof and the Issuer.

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

Secretary, Board of Directors
Trinity River Authority of Texas

President, Board of Directors
Trinity River Authority of Texas

(SEAL)

FORM OF
PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

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

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

Dated

Paying Agent/Registrar

By _____
Authorized Representative

FORM OF ASSIGNMENT

ASSIGNMENT

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

Please insert Social Security or Taxpayer
Identification Number of Transferee

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

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

Dated: _____

Signature Guaranteed:

NOTICE: Signature(s) must be
guaranteed by an eligible
guarantor institution parti-
cipating in a securities
transfer association recog-
nized signature guarantee
program.

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

FORM OF REGISTRATION CERTIFICATE OF
THE COMPTROLLER OF PUBLIC ACCOUNTS:

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO.

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

Witness my signature and seal this

Comptroller of Public Accounts
of the State of Texas

(COMPTROLLER'S SEAL)

(b) Insertions for the Initial Bond:

The initial Bond shall be in the form set forth in paragraph (a) of this Section, except that:

(i) immediately under the name of the Bond, the headings "INTEREST RATE" and "MATURITY DATE" shall both be completed with the words "As shown below" and "CUSIP NO. _____" shall be deleted.

(ii) the first paragraph shall be deleted and the following will be inserted:

"TRINITY RIVER AUTHORITY OF TEXAS (the "Issuer"), being a governmental agency, and body corporate and politic of the State of Texas, hereby promises to pay to the Registered Owner specified above, or registered assigns (hereinafter called the "Registered Owner"), on the dates, in the principal installments and bearing interest at the per annum rates set forth in the following schedule:

<u>Maturity Dates</u>	<u>Principal Installments</u>	<u>Interest Rates</u>
-----------------------	-------------------------------	-----------------------

(Information for the Bonds from the Pricing Certificate to be inserted)

The Issuer promises to pay interest on the unpaid principal amount hereof (calculated on the basis of a 360-day year of twelve 30-day months) from the Date of Issuance at the respective Interest Rate per annum specified above. Interest is payable on _____, and on each _____ and _____ thereafter to the date of payment of the principal installment specified above, or the date of redemption prior to maturity; except, that if this Bond is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such principal amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Bond or Bonds, if any, for which this Bond is being exchanged is due but has not been paid, then this Bond shall bear interest from the date to which such interest has been paid in full."

(iii) The initial Bond shall be numbered "TR-1."

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

The term "Additional Bonds" means the additional parity bonds permitted to be authorized in this Bond Resolution.

The term "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 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 Project (including all bonds issued to complete the acquisition and construction of the Project), 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.

The term "Authority" or "Issuer" means Trinity River Authority of Texas.

The term "Board" or "Board of Directors" 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.

The terms "Bond Resolution" or "Resolution" mean this resolution adopted by the Board of Directors of the Issuer on August 24, 2016, authorizing the issuance of the Bonds.

The term "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.

The term "Code" means the United States Internal Revenue Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto.

The term "Contract" means the Trinity River Authority of Texas - Northeast Lakeview Wastewater Transportation System Contract, dated July 1, 2005, as amended, among the Issuer and the Contracting Parties.

The term "Contracting Parties" means the Cities of Cedar Hill and Grand Prairie, Texas.

The terms "Northeast Lakeview Wastewater Transportation Project" and "Project" mean all of the Issuer's wastewater transportation 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.

The term "Parity Bonds" means collectively (i) the Bonds and (ii) any Series 2006 Bonds and Series 2007 Bonds which will be outstanding and payable from the Pledged Revenues after the delivery of the Bonds.

The term "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 Parity Bonds or Additional Bonds.

The term "Series 2006 Bond Resolution" means the resolution of the Issuer, adopted on April 26, 2006, authorizing the issuance of the Series 2006 Bonds.

The terms "year" or "fiscal year" shall mean the Issuer's fiscal year, which initially shall be the year commencing December 1 of each calendar year and ending on November 30 of the following calendar year, but which subsequently may be any other 12 month period hereafter established by the Issuer as a fiscal year.

Section 6. PLEDGE. (a) The 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, as provided in this Bond Resolution.

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

Section 7. REVENUE FUND. There has heretofore been created and there shall be established and 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 Northeast Lakeview Wastewater Transportation Project Revenue Bonds Revenue Fund" (hereinafter called the "Revenue Fund"). All Pledged Revenues shall be credited to the Revenue Fund promptly after they become available.

Section 8. INTEREST AND REDEMPTION FUND. For the sole purpose of paying the principal of and interest on all Parity Bonds and any Additional Bonds, as the same come due, there has heretofore been created and there shall be established and 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 Northeast Lakeview Wastewater Transportation Project Revenue Bonds Interest and Redemption Fund" (hereinafter called the "Interest and Redemption Fund").

Section 9. DEPOSITS OF PLEDGED REVENUES; INVESTMENTS. (a) The Pledged Revenues shall be deposited into the Interest and Redemption Fund when and as required by the resolutions of the Board authorizing the issuance of Parity Bonds.

(b) Money in any Fund maintained pursuant to the resolutions of the Board authorizing the issuance of Parity Bonds 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 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.

(c) Notwithstanding any provisions of this Bond Resolution to the contrary, all investment income, if any, required by the 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 resolutions of the Board authorizing the issuance of Parity Bonds and so rebated to the extent so required.

Section 10. FUNDS SECURED. Money in all Funds confirmed by this Bond Resolution, to the extent not invested, shall be secured in the manner prescribed by law for securing funds of the Issuer.

Section 11. 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, all 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.

Section 12. 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, 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 when and as required by the resolutions of the Board authorizing the issuance of Parity Bonds, or any resolution authorizing the issuance of Additional Bonds, the excess Pledged Revenues may be used for any lawful purpose relating to the Project.

Section 13. PAYMENT OF BONDS AND ADDITIONAL BONDS. On or before the first interest payment date on the Bonds, and semiannually on or before each interest payment date thereafter while any of the Parity Bonds or Additional Bonds are outstanding and unpaid, the Issuer shall make available to the Paying Agent/Registrar, out of the Interest and Redemption Fund, money sufficient to pay such interest on and such principal of the Parity Bonds and Additional Bonds as will accrue or mature on each interest payment date.

Section 14. 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 Project, including the refunding of any 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 Parity Bonds, from a first lien on and pledge of the Pledged Revenues.

(b) The Interest and Redemption Fund established pursuant to the Series 2006 Bond Resolution shall secure and be used to pay all Additional Bonds as well as the 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 the resolutions of the Board authorizing the issuance of Parity Bonds 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.

(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 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 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.

Section 15. FURTHER REQUIREMENTS FOR ADDITIONAL BONDS. Additional Bonds shall be issued only in accordance with the provisions hereof, but notwithstanding any provisions hereof to the contrary, no installment, series, or issue of 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 Parity Bonds and Additional Bonds, and the resolutions authorizing the same, that the Interest and Redemption Fund 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 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 Project 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 Parity Bonds and Additional Bonds to be outstanding after the issuance of the proposed Additional Bonds, as required under this Resolution.

Section 16. GENERAL COVENANTS. The Issuer further covenants and agrees that:

(a) It will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in each resolution authorizing the issuance of the Parity Bonds and any Additional Bonds, and in each and every Series 2006 Bond, Bond and Additional Bond; that it will promptly pay or cause to be paid the principal of and interest on every Parity Bond and Additional Bond, on the dates and in the places and manner prescribed in such resolutions and Parity Bonds or Additional Bonds, and that it will, at the times and in the manner prescribed, deposit or cause to be deposited the amounts required to be deposited into the Interest and Redemption Fund and any owner of the Parity Bonds or Additional Bonds may require the Issuer, its Board of Directors, and its officials and employees, to carry out, respect or enforce the covenants and obligations of each resolution authorizing the issuance of the Parity Bonds and Additional Bonds, by all legal and equitable means, including specifically, but without limitation, the use and filing of mandamus proceedings, in any

court of competent jurisdiction, against the Issuer, its Board of Directors and its officials and employees.

(b) It is a duly created and existing conservation and reclamation district of the State of Texas pursuant to Article 16, Section 59, of the Texas Constitution, and the Issuer Act, and is duly authorized under the laws of the State of Texas to create and issue the Bonds; that all action on its part of the creation and issuance of the Bonds has been duly and effectively taken, and that the Bonds in the hands of the owners thereof are and will be valid and enforceable special obligations of the Issuer in accordance with their terms.

(c) That other than for the payment of the Parity Bonds, including the Bonds herein authorized, the Pledged Revenues have not in any manner been pledged to the payment of any debt or obligation of the Issuer.

(d) That while any of the Bonds are outstanding, the Issuer will not, with the exception of the Additional Bonds expressly permitted by this Resolution to be issued, additionally encumber the Pledged Revenues.

(e) That the Issuer will carry out all of its obligations under the Contract; and when or if necessary will promptly enforce and cause the Contracting Parties to carry out all of their obligations under the Contract, for the benefit of the Issuer and the owners of the Parity Bonds and Additional Bonds by all legal and equitable means, including the use of mandamus proceedings against the Contracting Parties; and the Contract will not be changed, rescinded, or amended in any way which would have a materially adverse effect on the rights of the owners of the Parity Bonds and Additional Bonds.

Section 17. AMENDMENT OF RESOLUTION. (a) The owners of Parity Bonds and Additional Bonds aggregating a majority in principal amount of the aggregate principal amount of then outstanding Parity Bonds and Additional Bonds (for purposes of this sentence only, 100% of the aggregate principal amount of Parity Bonds or Additional Bonds which are insured by a bond insurance provider at the time that the Issuer seeks approval of an amendment shall be deemed to be owned by such bond insurance provider) shall have the right from time to time to approve any amendment to any resolution authorizing the issuance of the Parity Bonds or Additional Bonds, which may be deemed necessary or desirable by the Issuer, provided, however, that nothing herein contained shall permit or be construed to permit the amendment of the terms and conditions in said resolutions or in the Parity Bonds or Additional Bonds so as to:

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

(6) Change the minimum percentage of the principal amount of Parity Bonds and Additional Bonds necessary for consent to such amendment.

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

(c) Whenever at any time not less than thirty days, and within one year, from the date of the first publication of said notice or other service of written notice the Issuer shall receive an instrument or instruments executed by the owners of at least a majority in aggregate principal amount of all Parity Bonds and Additional Bonds then outstanding, which instrument or instruments shall refer to the proposed amendment described in said notice and which specifically consent to and approve such amendment in substantially the form of the copy thereof on file as aforesaid, the Issuer may adopt the amendatory resolution in substantially the same form.

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

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

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

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

Section 18. DEFEASANCE OF BONDS. (a) Any Bond and the interest thereon shall be deemed to be paid, retired, and no longer outstanding (a "Defeased Bond") within the meaning of this Resolution, except to the extent provided in subsection (d) of this Section, when payment of the principal of such Bond, plus interest thereon to the due date (whether such due date be by reason of maturity or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar in accordance with an escrow agreement or other instrument (the "Future Escrow Agreement") for such payment (1) lawful money of the United States of America sufficient to make such payment or (2) Defeasance Securities that mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to provide for such payment, and when proper arrangements have been made by the Issuer with the Paying Agent/Registrar for the payment of its services until all Defeased Bonds shall have become due and payable. At such time as a Bond shall be deemed to be a Defeased Bond hereunder, as aforesaid, such Bond and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the Net Revenues as provided in this Resolution, and such principal and interest shall be payable solely from such money or Defeasance Securities. Notwithstanding any other provision of this Resolution to the contrary, it is hereby provided that any determination not to redeem Defeased Bonds that is made in conjunction with the payment arrangements specified in subsection 18(a)(i) or (ii) shall not be irrevocable, provided that: (1) in the proceedings providing for such payment arrangements, the Issuer expressly reserves the right to call the Defeased Bonds for redemption; (2) gives notice of the reservation of that right to the owners of the Defeased Bonds immediately following the making of the payment arrangements; and (3) directs that notice of the reservation be included in any redemption notices that it authorizes.

(b) Any moneys so deposited with the Paying Agent/Registrar may at the written direction of the Issuer also be invested in Defeasance Securities, maturing in the amounts and times as hereinbefore set forth, and all income from such Defeasance Securities received by the Paying Agent/Registrar that is not required for the payment of the Bonds and interest thereon, with respect to which such money has been so deposited, shall be turned over to the Issuer, or deposited as directed in writing by the Issuer. Any Future Escrow Agreement pursuant to which the money and/or Defeasance Securities are held for the payment of Defeased Bonds may contain provisions permitting the investment or reinvestment of such moneys in Defeasance Securities or the substitution of other Defeasance Securities upon the satisfaction of the requirements specified in subsection 18(a)(i) or (ii). All income from such Defeasance Securities received by the Paying Agent/Registrar which is not required for the payment of the Defeased Bonds, with respect to which such money has been so deposited, shall be remitted to the Issuer or deposited as directed in writing by the Issuer.

(c) The term "Defeasance Securities" means any securities and obligations now or hereafter authorized by State law that are eligible to discharge obligations such as the Bonds, not otherwise restricted by the Pricing Officer in the Pricing Certificate.

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

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

Section 19. **DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED BONDS.** (a) Replacement Bonds. In the event any outstanding Bond is damaged, mutilated, lost, stolen, or destroyed, the Paying Agent/Registrar shall cause to be printed, executed, and delivered, a new bond of the same principal amount, maturity, and interest rate, as the damaged, mutilated, lost, stolen, or destroyed Bond, in replacement for such Bond in the manner hereinafter provided.

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

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

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

(e) Authority for Issuing Replacement Bonds. In accordance with Subchapter B, Chapter 1206, Texas Government Code, this Section shall constitute authority for the issuance of any such replacement bond without necessity of further action by the governing body of the Issuer or any other body or person, and the duty of the replacement of such bonds is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such Bonds in the form and manner and with the effect, as provided in Section 3 for Bonds issued in conversion and exchange for other Bonds.

Section 20. **COVENANTS REGARDING TAX-EXEMPTION.** The Issuer covenants to take any action necessary to assure, or refrain from any action which would adversely affect, the treatment of the Bonds as obligations described in section 103 of the Code, the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation. In furtherance thereof, the Issuer covenants as follows:

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

directly or indirectly, secure or provide for the payment of more than 10 percent of the debt service on the Bonds, in contravention of section 141(b)(2) of the Code;

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

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

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

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

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

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

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

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

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

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

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

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

Section 21. INTEREST EARNINGS ON BOND PROCEEDS. Interest earnings derived from the investment of proceeds from the sale of the Bonds shall be used along with other bond proceeds for the purpose for which the Bonds are issued set forth in Section 1 hereof; provided that after completion of such purpose, if any of such interest earnings remain on hand, such interest earnings shall be deposited in the Interest and Redemption Fund.

Section 22. ALLOCATION OF, AND LIMITATION ON, EXPENDITURES FOR THE PROJECT. The Issuer covenants to account for the expenditure of sale proceeds and investment earnings to be used for the purposes described in Section 1 of this Resolution (the "Project") on its books and records in accordance with the requirements of the Code. The Issuer recognizes that in order for the proceeds to be considered used for the reimbursement of costs, the proceeds must be allocated to expenditures within 18 months of the later of the date that (1) the expenditure is made, or (2) the Project is completed; but in no event later than three years after the date on which the original expenditure is paid. The foregoing notwithstanding, the Issuer recognizes that in order for proceeds to be expended under the Code, the sale proceeds or investment earnings must be expended no more than 60 days after the earlier of (1) the fifth anniversary of the delivery of the Bonds, or (2) the date the Bonds are retired. The Issuer agrees to obtain the advice of nationally-recognized bond counsel if such expenditure fails to comply with the foregoing to assure that such expenditure will not adversely affect the tax-exempt status of the Bonds. For purposes hereof, the issuer shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

Section 23. DISPOSITION OF PROJECT. The Issuer covenants that the property constituting the Project will not be sold or otherwise disposed in a transaction resulting in the receipt by the Issuer of cash or other compensation, unless the Issuer obtains an opinion of nationally-recognized bond counsel that such sale or other disposition will not adversely affect the tax-exempt status of the Bonds. For purposes of the foregoing, the portion of the property comprising personal property and disposed in the ordinary course shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes hereof, the Issuer shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

Section 24. CUSTODY, APPROVAL, BOND COUNSEL'S OPINION, CUSIP NUMBERS AND INSURANCE. The President of the Board of Directors and the General Manager of the Issuer are hereby authorized to have control of the Bonds issued hereunder and all necessary records and proceedings pertaining to the Bonds pending their delivery and the approval of the Bonds by the Attorney General of the State of Texas, if such approval is required. The Comptroller of Public Accounts is requested to cause the Bonds to be registered in accordance with law, if such registration is required. The approving legal opinion of the Issuer's Bond Counsel and the assigned CUSIP numbers may, at the option of the Issuer, be printed on the Bonds or on any Bonds issued and delivered in conversion of and exchange or replacement of any Bond, but neither shall have any legal effect, and shall be solely for the convenience and information of the registered owners of the Bonds. If insurance is obtained on any of the Bonds, the Bonds shall bear, as appropriate and applicable, a legend concerning insurance as provided by the Insurer.

Section 25. FURTHER PROCEDURES. The President, Vice President and Secretary of the Board of Directors of the Issuer, the General Manager (as the "Pricing Officer" of the Issuer) and all other officers, employees and agents of the Issuer, and each of them, shall be and they are hereby expressly authorized, empowered and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge and deliver in the name and under the corporate seal and on behalf of the Issuer a Letter of Representation with DTC regarding the Book-Entry Only System, the Paying Agent/Registrar Agreement with the Paying Agent/Registrar and all other instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Resolution, the Letter of Representation, the Bonds, the sale of the Bonds and the Official Statement. Notwithstanding anything to the contrary contained herein, while the Bonds are subject to DTC's Book-Entry Only System and to the extent permitted by law, the Letter of Representation is hereby incorporated herein and its provisions shall prevail over any other provisions of this Resolution in the event of conflict. In case any officer whose signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

Section 26. CONTINUING DISCLOSURE OF INFORMATION. (a) As used in this Section, the following terms have the meanings ascribed to such terms below:

"MSRB" means the Municipal Securities Rulemaking Board.

"NRMSIR" means each person whom the SEC or its staff has determined to be a nationally recognized municipal securities information repository within the meaning of the Rule from time to time.

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

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

"SID" means any person designated by the State of Texas or an authorized department, officer, or agency thereof as, and determined by the SEC or its staff to be, a state information depository within the meaning of the Rule from time to time.

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

(c) The Issuer shall, for the benefit of the beneficial owners of the Bonds, undertake to notify any SID and either each NRMSIR or the MSRB, in a timely manner, of any of the following events with respect to the Bonds, if such event is material within the meaning of the federal securities laws:

- A. Principal and interest payment delinquencies;
- B. Non-payment related defaults;
- C. Unscheduled draws on debt service reserves reflecting financial difficulties;
- D. Unscheduled draws on credit enhancements reflecting financial difficulties;
- E. Substitution of credit or liquidity providers, or their failure to perform;
- F. Adverse tax opinions or events affecting the tax-exempt status of the Bonds;
- G. Modifications to rights of holders of the Bonds;
- H. Bond calls;
- I. Defeasances;
- J. Release, substitution, or sale of property securing repayment of the Bonds; and
- K. Rating changes.

Section 27. EXPIRATION OF AUTHORIZATION. The authority of the Pricing Officer to execute a bond purchase agreement as described in Section 2(b) of this Resolution shall expire on the one-year anniversary date of the adoption of this Resolution by the Board.

Section 28. REPEAL OF CONFLICTING RESOLUTIONS. All resolutions and all parts of any resolutions which are in conflict or inconsistent with this Resolution are hereby repealed and shall be of no further force or effect to the extent of such conflict or inconsistency.

PRICING CERTIFICATE OF GENERAL MANAGER

I, the undersigned General Manager of the Trinity River Authority of Texas (the "Issuer"), acting pursuant to the authority granted to me by Resolution No. R-1467 of the Board of Directors of the Issuer adopted on August 24, 2016 (the "Resolution") relating to the issuance of Trinity River Authority of Texas Northeast Lakeview Wastewater Transportation Project Revenue Refunding Bond, Series 2017 (the "Bond") hereby find, determine and commit on behalf of the Issuer to sell and deliver the Bond to JPMorgan Chase Bank, N.A., Fort Worth, Texas (the "Purchaser") pursuant to the terms of the Direct Bond Purchase Agreement (the "Purchase Agreement"), and on the following terms:

1. The terms of the Purchase Agreement are incorporated into this Pricing Certificate for all purposes.

2. The Bond is hereby sold and shall be delivered to the Purchaser, and shall be initially registered in the name of, to JPMorgan Chase Bank, N.A., at the price set forth in the Purchase Agreement. I have determined, after due consideration and investigation, that said purchaser is willing to buy the Bond on the most advantageous terms to the Issuer.

3. With respect to the Bond, the principal amount, maturity date, mandatory sinking fund payment dates and amounts, interest payment dates, events of default, including remedies therefor and remedies for a determination of taxability, shall all be as set forth in the Purchase Agreement.

4. The Bond shall be dated February 1, 2017, shall be numbered R-1 upwards and shall have all the details and provisions as set forth in the FORM OF BOND attached hereto as Exhibit A.

5. Proceeds from the sale of the Bond shall be used and deposited as follows:

Sources of Funds:	Total
Principal Amount of Bonds	\$10,005,000.00
Debt Service Fund Transfer	\$235,427.06
TOTAL SOURCES	\$10,240,427.06
Uses of Funds:	
Cash Deposit to Escrow Fund	\$10,099,856.25
Costs of Issuance	\$138,727.50
Rounding	\$1,843.31
TOTAL USES	\$10,240,427.06

6. That bonds of the Issuer indicated in Exhibit B attached hereto are hereby called for redemption on the dates and at the prices indicated therein.

7. The Issuer will maintain rates and charges to the "Contracting Parties" (as defined in the Resolution) in amounts sufficient to meet the debt service requirements on the Bond and other obligations of the Issuer that are supported by the contract payments of the Contracting Parties.

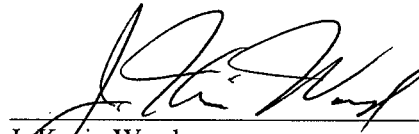
8. That the net present value savings resulting from the current refunding is 10.735%. In satisfaction of Section 1201.022(a)(3)(B), Texas Government Code, and upon consultation with the Issuer's Financial Advisor, the undersigned hereby certifies that the final terms of the Bond as set forth herein are in the Issuer's best interests.

9. Proceeds from the sale of the Bond shall be applied as described in paragraph 5 above and used to redeem the TRINITY RIVER AUTHORITY OF TEXAS NORTHEAST LAKEVIEW WASTEWATER TRANSPORTATION PROJECT REVENUE BONDS, SERIES 2007 as shown on Exhibit B. On the closing date for the Bond, the Issuer will additionally deposit \$1,099,693.13 for the cash redemption of the TRINITY RIVER AUTHORITY OF TEXAS NORTHEAST LAKEVIEW WASTEWATER TRANSPORTATION PROJECT REVENUE BONDS, SERIES 2006 (the "Series 2006 Bonds") as shown on Exhibit B. The deposit of the \$1,099,693.13 represents the outstanding principal amount of the Series 2006 Bonds of \$1,075,000.00 and accrued interest to the February 1, 2017 redemption date of \$24,693.13. It is hereby certified that lawfully available funds of the Issuer are hereby authorized and appropriated in the amounts necessary for such purpose to redeem the Series 2006 Bonds.

10. That the Bonds were sold at a price equal to 100% of the initial aggregate principal amount thereof.

Witness my hand this October 27, 2016.

TRINITY RIVER AUTHORITY OF TEXAS

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

J. Kevin Ward
General Manager

EXHIBIT A

THE BOND HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS AND IS BEING OFFERED AND SOLD IN THE UNITED STATES ONLY TO INSTITUTIONAL INVESTORS THAT ARE "ACCREDITED INVESTORS" WITHIN THE MEANING OF RULE 501 UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR TO QUALIFIED INSTITUTIONAL BUYERS ("QIBS") IN RELIANCE ON RULE 144A UNDER THE SECURITIES ACT. A PROSPECTIVE PURCHASER THAT IS A QIB IS HEREBY NOTIFIED THAT THE SELLER OF THE BOND MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A. THE BOND IS NOT TRANSFERABLE EXCEPT IN ACCORDANCE WITH THE RESTRICTIONS DESCRIBED HEREIN AND IN THE PURCHASE AGREEMENT.

NO. R-1	UNITED STATES OF AMERICA	PRINCIPAL
	STATE OF TEXAS	AMOUNT
	TRINITY RIVER AUTHORITY OF TEXAS	\$10,005,000

NORTHEAST LAKEVIEW WASTEWATER TRANSPORTATION PROJECT
REVENUE REFUNDING BONDS, SERIES 2017

<u>INTEREST RATE</u>	<u>DATE OF DELIVERY</u>	<u>MATURITY DATE</u>	<u>CUSIP</u>
2.060%	February 1, 2017	February 1, 2027	N/A

REGISTERED OWNER: JPMORGAN CHASE BANK, N.A.

PRINCIPAL AMOUNT: TEN MILLION FIVE THOUSAND DOLLARS

ON THE MATURITY DATE specified above, the TRINITY RIVER AUTHORITY OF TEXAS (the "Issuer"), being a governmental agency, and body corporate and politic of the State of Texas, hereby promises to pay to the Registered Owner set forth above, or registered assigns (hereinafter called the "registered owner") the principal amount set forth above, and to pay interest thereon from the Date of Delivery as set forth above, on August 1, 2017 and semiannually thereafter on each February 1 and August 1 to the maturity date specified above, at the interest rate per annum specified above, calculated on the basis of a 360-day year composed of twelve 30-day months; except that if this Bond is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such principal amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Bond for which this Bond is being exchanged or converted from is due but has not been paid, then this Bond shall bear interest from the date to which such interest has been paid in full.

THE OUTSTANDING PRINCIPAL AMOUNT of this Bond shall bear interest at the rate indicated above unless:

- (a) the Issuer defaults in the payment of the principal of or interest on this Bond when due ("Event of Default"), in which case any principal of and interest on this Bond shall bear interest at the Default Interest Rate per annum; or
- (b) a Determination of Taxability shall have occurred, in which case this Bond shall bear interest at the rate of 2.848% per annum from the Date of Taxability, calculated on the basis of a 360-day year consisting of twelve 30-day months.

"Date of Taxability" means the earliest date as of which interest on this Bond shall have been determined to be includable in the gross income of the Registered Owner pursuant to a Determination of Taxability.

"Default Interest Rate" means the Base Rate plus 4.000%. "Base Rate" means the higher of (i) the Prime Rate of JPMorgan Chase Bank, N.A. and (ii) 2.5% plus the One Month Adjusted LIBOR Rate. "One Month Adjusted Libor Rate" means such rate established by the London Interbank Offered Rate as published by Reuters (or other commercially available source providing quotations of such rate) as determined at approximately 11:00 a.m. London time two (2) London Banking Days prior to the date in question. In any case, the Default Interest Rate may not exceed the maximum interest rate allowed by Texas law. Upon an Event of Default, the outstanding principal amount of the Bond would be accelerated and due and payable within 30 days of such Event of Default.

"Determination of Taxability" or "Determination" means and shall be deemed to have occurred on the first to occur of the following:

- (i) on that date when the Issuer files any statement, supplemental statement or other tax schedule, return or document which discloses that an Event of Taxability, as hereinafter defined, shall have in fact occurred;

- (ii) on the date when the Registered Owner notifies the Issuer that it has received a written opinion by an attorney or firm of attorneys of recognized standing on the subject of municipal bonds to the effect that an Event of Taxability shall have occurred unless, within 180 days after receipt by the Issuer of such notification from the Registered Owner, the Issuer shall deliver to the Registered Owner a ruling or determination letter issued to or on behalf of the Issuer by the Commissioner or any District Director of Internal Revenue (or any other governmental official exercising the same or a substantially similar function from time to time) to the effect that, after taking into consideration such facts as form the basis for the opinion that an Event of Taxability has occurred, an Event of Taxability shall not have occurred;

- (iii) on the date when the Issuer shall be advised in writing by the Commissioner or any District Director of Internal Revenue (or any other government official or agent exercising the same or a substantially similar function from time to time) that, based upon filings of the Issuer, or upon any review or audit of the Issuer or upon any other ground whatsoever, an Event of Taxability shall have occurred;

- (iv) on that date when the Issuer shall receive notice from the Registered Owner that the Internal Revenue Service (or any other government official or agency exercising the same or a substantially similar function from time to time) has assessed as includable in the gross income of the Registered Owner the interest on this Bond due

to the occurrence of an Event of Taxability;

provided, however, no Determination of Taxability shall occur under subparagraph (iii) or (iv) above unless the Issuer has been afforded the opportunity, at its expense, to contest any such assessment, and, further, no Determination of Taxability shall occur until such contest, if made, has been finally determined; provided further, however, that upon demand from the Registered Owner, the Issuer shall immediately reimburse the Registered Owner for any payments the Registered Owner shall be obligated to make as a result of the Determination of Taxability during any such contest.

"Event of Taxability" means a change in law or fact or the interpretation thereof, or the occurrence or existence of any fact, event or circumstance (including, without limitation, the taking of any action by the Issuer, or the failure to take any action by the Issuer, or the making by the Issuer of any misrepresentation herein or in any certificate required to be given in connection with the issuance, sale or delivery of this Bond), which has the effect of causing interest paid or payable on this Bond to become includable, in the gross income of the Registered Owner for federal income tax purposes.

THE PRINCIPAL OF AND INTEREST ON this Bond are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Bond shall be paid to the registered owner hereof upon presentation and surrender of this Bond at maturity, at the principal corporate trust office of JPMorgan Chase Bank, National Association, Fort Worth Texas, which is the "Paying Agent/Registrar" for this Bond. The payment of interest on this Bond shall be made by the Paying Agent/Registrar to the registered owner hereof on each interest payment date by check or draft, dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the Issuer required by the Resolution authorizing the issuance of this Bond (the "Bond Resolution") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check or draft shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the registered owner hereof, at its address as it appeared on the fifteenth calendar day of the month next preceding each such date (the "Record Date") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. In addition, interest may be paid by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Issuer. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each owner of a Bond appearing on the Registration Books at the close of business on the last business day next preceding the date of mailing of such notice.

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

IF THE DATE for the payment of the principal of or interest on this Bond shall be a Saturday, Sunday, a legal holiday, or a day on which banking institutions in the city where the principal corporate trust office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day on which banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

THIS BOND is dated February 1, 2017 and has been authorized in accordance with the Constitution and laws of the State of Texas in the principal amount of \$10,005,000, IN ORDER TO OBTAIN FUNDS TO PAY THE COSTS OF REFUNDING CERTAIN MATURITIES OF THE ISSUER'S OUTSTANDING TRINITY RIVER AUTHORITY OF TEXAS NORTHEAST LAKEVIEW WASTEWATER TRANSPORTATION PROJECT REVENUE BONDS, SERIES 2007.

THIS BOND is not subject to optional redemption prior to their maturities at the option of the Issuer.

THIS BOND is subject to scheduled mandatory redemption by the Paying Agent/Registrar, at a price equal to the principal amount thereof, plus accrued interest to the redemption date, out of moneys available for such purpose in the interest and redemption fund for the Bond, on February 1 of each year and in the respective principal amounts, set forth in the following schedule:

<u>Year</u>	<u>Principal Amount</u>
2018	\$895,000
2019	\$915,000
2020	\$935,000
2021	\$955,000
2022	\$970,000
2023	\$995,000
2024	\$1,015,000
2025	\$1,035,000
2026	\$1,060,000
2027*	\$1,230,000

* Final Maturity

THIS BOND is issuable solely as a fully registered Bond, without interest coupons. As provided in the Bond Resolution, this Bond may, at the request of the registered owner or the assignee hereof, be assigned, transferred, converted into and exchanged for a like aggregate principal amount of a fully registered Bond, without interest coupons, payable to the appropriate registered owner or assignee, as the case may be, having the same denomination, upon surrender of this Bond to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Bond Resolution. Among other requirements for such assignment and transfer, this Bond must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Bond to the assignee in whose name this Bond is to be registered. The form of Assignment printed or endorsed on this Bond may be executed by the registered owner to evidence the assignment hereof, but such method is not exclusive, and other instruments of assignment satisfactory to the Paying Agent/Registrar may be used to evidence the assignment of this Bond from time to time by the registered owner. The Paying Agent/Registrar's reasonable standard or customary fees and charges for assigning, transferring, converting and exchanging this Bond will be paid by the Issuer. In any circumstance, any taxes or governmental charges required to be paid with respect thereto shall be paid

by the one requesting such assignment, transfer, conversion or exchange, as a condition precedent to the exercise of such privilege. The Paying Agent/Registrar shall not be required to make any such transfer, conversion, or exchange 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.

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

IT IS HEREBY certified, recited, and covenanted that this Bond has been duly and validly authorized, issued, sold, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this Bond have been performed, existed, and been done in accordance with law; that this Bond is a special obligation of the Issuer which, together with other bonds, is 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 the "Trinity River Authority of Texas - Northeast Lakeview Wastewater Transportation System Contract" dated as of July 1, 2005, as amended, among the Issuer and the Cities of Cedar Hill and Grand Prairie, Texas.

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

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

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

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

Secretary, Board of Directors
Trinity River Authority of Texas

President, Board of Directors,
Trinity River Authority of Texas

(SEAL)

FORM OF
PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

It is hereby certified that this Bond has been issued under the provisions of the Bond Resolution described in the text of this Bond; and that this Bond has been issued in conversion or replacement of, or in exchange for, the Bond described therein.

Dated JPMORGAN CHASE BANK, NATIONAL ASSOCIATION
Paying Agent/Registrar

By _____
Authorized Representative

FORM OF ASSIGNMENT

ASSIGNMENT

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

Please insert Social Security or Taxpayer
Identification Number of Transferee

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

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

Dated: _____

Signature Guaranteed:

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

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

EXHIBIT B

TRINITY RIVER AUTHORITY OF TEXAS
NORTHEAST LAKEVIEW WASTEWATER
TRANSPORTATION PROJECT REVENUE BONDS, SERIES 2007

MATURITY	AMOUNT OUTSTANDING(\$)	REFUNDED AMOUNT(\$)
2/1/2018	800,000	800,000
2/1/2019	835,000	835,000
2/1/2020	870,000	870,000
2/1/2021	905,000	905,000
2/1/2022	940,000	940,000
2/1/2023	985,000	985,000
2/1/2024	1,030,000	1,030,000
2/1/2025	1,075,000	1,075,000
2/1/2026	1,125,000	1,125,000
2/1/2027	1,325,000	1,325,000

The Series 2007 Bonds shall be called for redemption on February 1, 2017 at a price of par, plus accrued interest to the date of redemption.

TRINITY RIVER AUTHORITY OF TEXAS
NORTHEAST LAKEVIEW WASTEWATER
TRANSPORTATION PROJECT REVENUE BONDS, SERIES 2006

MATURITY	AMOUNT OUTSTANDING(\$)	REFUNDED AMOUNT(\$)
2/1/2017	95,000	95,000
2/1/2018	100,000	100,000
2/1/2019	105,000	105,000
2/1/2020	105,000	105,000
2/1/2021	115,000	115,000
2/1/2022	120,000	120,000
2/1/2023	125,000	125,000
2/1/2024	130,000	130,000
2/1/2025	135,000	135,000
2/1/2026	140,000	140,000

The Series 2006 Bonds shall be called for redemption on February 1, 2017 at a price of par, plus accrued interest to the date of redemption.

DIRECT BOND PURCHASE AGREEMENT

October 27, 2016

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

Re: \$10,005,000 TRINITY RIVER AUTHORITY OF TEXAS NORTHEAST
LAKEVIEW WASTEWATER TRANSPORTATION PROJECT REVENUE
REFUNDING BOND, SERIES 2017

Ladies and Gentlemen:

JPMorgan Chase Bank, N.A., Fort Worth, Texas and its successors or assigns as restricted herein (the "Purchaser") hereby offers to purchase from the Trinity River Authority (the "Authority") the captioned Bond (the "Bond"), and, upon acceptance of this offer by the Authority, such offer will become a binding agreement between the Purchaser and the Authority. This offer must be accepted by 5:00 pm, Dallas Texas time, October 27, 2016, and if not so accepted will be subject to withdrawal. Capitalized terms not otherwise defined herein shall have the meanings assigned such terms in the Resolution (defined below).

1. Purchase Price: \$10,005,000 (par "all or none")
2. Terms of Bond:

(a) The Bond shall consist of one term bond in the principal amount of \$10,005,000 maturing on February 1, 2027, bearing interest from the date of initial delivery of the Bond to the Purchaser at an interest rate of 2.06% per annum, calculated on the basis of a 360-day year consisting of twelve 30-day months, with interest, subject to adjustment as set forth in Sections 10 and 11 below, being payable on August 1, 2017, and semiannually on each February 1 and August 1 thereafter, and with mandatory sinking fund redemption payments as set forth on Schedule I hereto. The Bond is not subject to optional redemption prior to their scheduled maturity. The Bond shall have such other terms and conditions as are set forth in Resolution No. R-1467 authorizing the issuance of the Bond adopted by the Board of Directors of the Authority on August 24, 2016 (the "Resolution"). The Purchaser acknowledges receipt prior to the date hereof of a draft of the Resolution. The Bond shall be secured by and payable from a first lien on and pledge of the Pledged Revenues as defined in the Resolution. **The Bond is not designated as a "qualified tax exempt obligation" as provided in Section 265(b)(3) of the Internal Revenue Code.**

(b) (i) In order to lock the interest rate for the Bond, the Authority agrees that if for any reason within the Authority's control, the Authority or its professionals or advisors fail to deliver any documents or payments described in clauses (a), (b), (c), (d) or (f) of

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

(ii) A Reinvestment Premium shall be due and payable by the Authority if “(A)” exceeds “(B)” where “(A)” equals total scheduled interest payments due on the Bonds calculated at the 10-year Interest Rate Swap rate as reported on the Federal Reserve H.15 report effective on October 27, 2016 (the "Rate Lock Date") and “(B)” equals total scheduled interest payments due on the Bond calculated at the 10-year Interest Rate Swap rate as reported on the Federal Reserve H.15 report effective on the date on which the rate lock provided by the Purchaser is broken (the "Rate Lock Breakage Date"). If (B) above is equal to or greater than (A) above, then no Reinvestment Premium is due.

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

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

3. Closing: At the Closing (defined below) the Authority shall deliver and the Purchaser shall purchase the Bond. Upon payment of the purchase price therefor, the Authority shall deliver the Bond to the Purchaser. Payment of the purchase price and delivery of the Bond shall occur at 10:00 a.m. Dallas Texas time on February 1, 2017 (the "Closing" and the "Closing Date," as applicable). The Closing shall take place at the offices of McCall, Parkhurst & Horton L.L.P., or such other location as may be mutually agreed upon.
4. Conditions to Closing: The Purchaser shall not have any obligation to consummate the purchase of the Bond unless the following requirements have been satisfied prior to Closing:
 - (a) The Authority shall have adopted the Resolution authorizing the issuance of the Bond.
 - (b) The Purchaser shall have received a certified copy of the Resolution.
 - (c) The Purchaser shall have received a certificate executed by the General Manager that no litigation of any nature has been filed or, to the best of his knowledge, threatened, pertaining to, affecting or contesting: (a) the issuance, delivery, payment, security or validity of the Bond; (b) the ability of the Authority or the authority of the officers of the Authority to issue, execute and deliver the Bond; or (c) the validity of the corporate existence of the Authority.

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

5. Nature of Purchase:

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

Purchaser and its affiliates, (ii) in connection with such transaction, the Purchaser and its affiliates are acting solely as a principal and not as an advisor including, without limitation, a "Municipal Advisor" as such term is defined in Section 15B of the Securities and Exchange Act of 1934, as amended, and the related final rules (the "Municipal Advisor Rules"), agent or a fiduciary of the Authority, (iii) the Purchaser and its affiliates are relying on one or more exemptions in the Municipal Advisor Rules, (iv) the Purchaser and its affiliates have not provided any advice or assumed any advisory or fiduciary responsibility in favor of the Authority with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (whether or not the Purchaser, or any affiliate of the Purchaser, has provided other services or advised, or is currently providing other services or advising the Authority on other matters), (v) the Purchaser and its affiliates have financial and other interests that differ from those of the Authority, and (vi) the Authority has consulted with its own financial, legal, accounting, tax and other advisors, as applicable, to the extent it deemed appropriate.

6. Financial Information: In consideration of the purchase of the Bond by the Purchaser, within six months of the end of each such fiscal year, commencing with the fiscal year ending November 30, 2016, the Authority shall deliver its comprehensive annual financial report ("CAFR") for such fiscal year by email to mike.m.wilson@jpmorgan.com; provided, however, if the CAFR is not available within the time period specified above, the Authority shall provide unaudited financial information pending the delivery of the CAFR of the nature described in the Resolution. The Authority further agrees to provide Purchaser, upon request, additional information as reasonably requested by the Purchaser. The Purchaser agrees to provide the Authority with notice promptly upon determining a new or additional email address for distribution of the financial information specified above.
7. Reserved.
8. No Oral Agreements: To the extent allowed by law, the parties hereto agree to be bound by the terms of the following notice: THIS PURCHASE AGREEMENT, THE RESOLUTION, THE OPINION OF BOND COUNSEL AND THE BOND TOGETHER REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES REGARDING THIS TRANSACTION AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES RELATING TO THIS TRANSACTION.
9. Waiver of Jury Trial. TO THE EXTENT ALLOWED BY LAW, EACH PARTY HERETO HEREBY WAIVES, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS PURCHASE AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS

REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS PURCHASE AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

10. Events of Default. If the Authority defaults in the payment of the principal of or interest on the Bond when due (“Event of Default”), any principal of and interest on the Bond shall bear interest at the Default Interest Rate per annum. "Default Interest Rate" means the Base Rate plus 4.000%. “Base Rate” means the higher of (i) the Prime Rate of JPMorgan Chase Bank, N.A. and (ii) 2.5% plus the One Month Adjusted LIBOR Rate. “One Month Adjusted Libor Rate” means such rate established by the London Interbank Offered Rate as published by Reuters (or other commercially available source providing quotations of such rate) as determined at approximately 11:00 a.m. London time two (2) London Banking Days prior to the date in question. In any case, the Default Interest Rate may not exceed the maximum interest rate allowed by Texas law. Upon an Event of Default, the outstanding principal amount of the Bond would be accelerated and due and payable within 30 days of such Event of Default.
11. Determination of Taxability. Upon the issuance by the Internal Revenue Service of final determination of taxability, the Bond shall bear interest at the rate of 2.848% per annum, calculated on the basis of a 360-day year consisting of twelve 30-day months, and shall bear interest from such date of final determination of taxability or the retroactive date of taxability, including the issue date, as may be specified in such final determination of taxability.

{Signatures page follows}

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

JPMORGAN CHASE BANK, N.A.

By: Mallory Ashbaugh
Name: Mallory Ashbaugh
Title: Authorized Officer

ACCEPTED BY THE TRINITY RIVER AUTHORITY OF TEXAS

J. Kevin Ward

General Manager

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

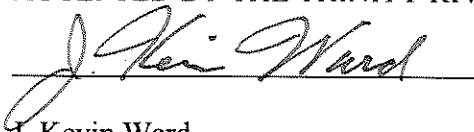
JPMORGAN CHASE BANK, N.A.

By: _____

Name: _____

Title: _____

ACCEPTED BY THE TRINITY RIVER AUTHORITY OF TEXAS

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

J. Kevin Ward

General Manager

SCHEDULE I

Mandatory Sinking Fund Redemptions

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

<i><u>Year</u></i>	<i><u>Principal Amount</u></i>
02/01/2018	\$895,000.00
02/01/2019	\$915,000.00
02/01/2020	\$935,000.00
02/01/2021	\$955,000.00
02/01/2022	\$970,000.00
02/01/2023	\$995,000.00
02/01/2024	\$1,015,000.00
02/01/2025	\$1,035,000.00
02/01/2026	\$1,060,000.00
02/01/2027	\$1,230,000.00

Final Maturity is February 1, 2027

PAYING AGENT/REGISTRAR AGREEMENT

THIS AGREEMENT entered into as of January 1, 2017 (this "Agreement"), by and between Trinity River Authority of Texas (the "Issuer"), and JPMorgan Chase Bank, National Association (the "Bank").

RECITALS

WHEREAS, the Issuer has duly authorized and provided for the issuance of its NORTHEAST LAKEVIEW WASTEWATER TRANSPORTATION PROJECT REVENUE REFUNDING BOND, SERIES 2017 (the "Securities"), such Securities to be issued in fully registered form only as to the payment of principal and interest thereon; and

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

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

NOW, THEREFORE, it is mutually agreed as follows:

ARTICLE ONE

APPOINTMENT OF BANK AS PAYING AGENT AND REGISTRAR

Section 1.01. Appointment.

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

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

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

Section 1.02. Compensation.

In consideration of the sale of the Security to the Bank by the Issuer, no compensation will be owing to the Bank for its services hereunder.

ARTICLE TWO DEFINITIONS

Section 2.01. Definitions.

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

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

"Financial Adviser" means Hilltop Securities Inc.

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

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

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

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

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

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

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

"Record Date" means the fifteenth calendar day of the month next preceding payment.

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

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

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

Section 2.02. Other Definitions.

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

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

ARTICLE THREE
PAYING AGENT

Section 3.01. Duties of Paying Agent.

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

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

Section 3.02. Payment Dates.

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

Section 3.03. Reporting Requirements.

To the extent required by the Internal Revenue Code of 1986 and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto, the Bank shall report, or assure that a report is made, to the Holder and the Internal Revenue Service any amount of acquisition premium, interest paid on, original issue discount or adjusted basis of the Securities.

ARTICLE FOUR
REGISTRAR

Section 4.01. Security Register - Transfers and Exchanges.

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

Issuer and the Bank may prescribe. All transfers, exchanges and replacement of Securities shall be noted in the Security Register.

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

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

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

Section 4.02. Certificates.

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

Section 4.03. Form of Security Register.

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

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

Section 4.04. List of Security Holders.

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

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

Section 4.05. Cancellation of Certificates.

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

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

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

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

Section 4.07. Transaction Information to Issuer.

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

ARTICLE FIVE
THE BANK

Section 5.01. Duties of Bank.

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

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

Section 5.02. Reliance on Documents, Etc.

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

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

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

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

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

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

Section 5.03. Recitals of Issuer.

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

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

Section 5.04. May Hold Securities.

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

Section 5.05. Moneys Held by Bank.

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

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

Section 5.06. Indemnification.

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

Section 5.07. Interpleader.

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

Section 5.08. Depository Trust Company Services.

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

ARTICLE SIX
MISCELLANEOUS PROVISIONS

Section 6.01. Amendment.

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

Section 6.02. Assignment.

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

Section 6.03. Notices.

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

Section 6.04. Effect of Headings.

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

Section 6.05. Successors and Assigns.

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

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

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

Section 6.07. Severability.

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

Section 6.08. Benefits of Agreement.

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

Section 6.09. Entire Agreement.

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

Section 6.10. Counterparts.

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

Section 6.11. Termination.

This Agreement will terminate (i) on the date of final payment of the principal of and interest on the Securities to the Holders thereof or (ii) may be earlier terminated by either party upon sixty (60) days written notice; provided, however, an early termination of this Agreement by either party shall not be effective until (a) a successor Paying Agent/Registrar has been appointed by the Issuer and such appointment accepted and (b) notice has been given to the Holders of the Securities of the appointment of a successor Paying Agent/Registrar. Furthermore, the Bank and Issuer mutually agree that the effective date of an early termination of this Agreement shall not occur at any time which would disrupt, delay or otherwise adversely affect the payment of the Securities.

The resigning Paying Agent/Registrar may petition any court of competent jurisdiction for the appointment of a successor Paying Agent/Registrar if an instrument of acceptance by a successor Paying Agent/Registrar has not been delivered to the resigning Paying Agent/Registrar within sixty (60) days after the giving of such notice of resignation.

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

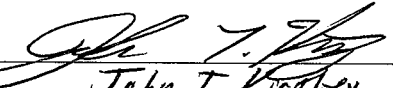
The provisions of Section 1.02 and of Article Five shall survive and remain in full force and effect following the termination of this Agreement.

Section 6.12. Governing Law.

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

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

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION

By 
Title John T. Kirby

420 Throckmorton, 4th Floor, Fort Worth, Texas 76102

TRINITY RIVER AUTHORITY OF TEXAS

By _____
J. Kevin Ward; General Manager

5300 S. Collins, Arlington, Texas 76018

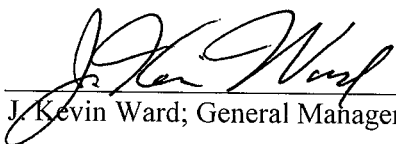
IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION

By _____
Title _____

420 Throckmorton, 4th Floor, Fort Worth, Texas 76102

TRINITY RIVER AUTHORITY OF TEXAS

By  _____
J. Kevin Ward; General Manager

5300 S. Collins, Arlington, Texas 76018

GENERAL AND NO LITIGATION CERTIFICATE

THE STATE OF TEXAS TRINITY RIVER AUTHORITY OF TEXAS

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

1. That this certificate is executed for the benefit of the Attorney General of the State of Texas and the prospective owners of the proposed Trinity River Authority of Texas Northeast Lakeview Wastewater Transportation Project Revenue Refunding Bonds, Series 2016 (the "Bonds"), dated February 1, 2017, authorized by Resolution No. R-1467 adopted on August 24, 2016, by the Board of Directors of the Authority (the "Bond Resolution").

2. That Trinity River Authority of Texas is a conservation and reclamation district and political subdivision of the State of Texas, created pursuant to Chapter 518, Acts of the Regular Session of the 54th Legislature, 1955, as amended (the "Authority Act"), pursuant to Article 16, Section 59 of the Texas Constitution.

3. That the Contract, as amended, as defined in the Bond Resolution, between and among the Authority and the Cities of Cedar Hill and Grand Prairie, Texas (the "Contracting Parties") has not in any manner been changed, amended, or supplemented; and the Contract, as amended, is in full force, operation, and effect; and no default exists with respect to said Contract.

4. That none of the Pledged Revenues, as defined in the Bond Resolution, from the aforesaid Contract are pledged or encumbered to the payment of any other debt or obligation whatsoever.

5. That no default exists in connection with any covenant, condition, or obligation in connection with the Authority's Northeast Lakeview Wastewater Transportation Project Revenue Bonds, Series 2006 and 2007, 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.

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

7. That, based upon an opinion of legal counsel to the Authority, the Contract now in effect pursuant to which the Contracting Parties are obligated to make payments to the Authority during each fiscal year (including during periods when services of the System may not be available to such Contracting Parties) in such amounts as shall be necessary to provide to the Authority Pledged Revenues sufficient to pay when due all principal of and interest on all Parity Bonds and Additional Bonds to be outstanding after the issuance of the Bonds, and to make the deposits into the Reserve Fund as required under the Bond Resolution.

8. That the Bond Resolution is in full force and effect and has not been amended or rescinded.

9. That J. Kevin Ward is the General Manager of the Authority, whose true and correct signature is affixed to this certificate.

10. That the Authority has received all disclosure filings required under Section 2252.908, Texas Government Code, in connection with the authorization and issuance of the Bonds and has notified the Texas Ethics Commission ("TEC") of its receipt of such filings by acknowledging such filings in accordance with TEC rules.

Certifications as to Execution of Bonds and Authority Seal

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

12. That said Bonds are substantially in the form, and have been duly executed and signed in the manner, prescribed in the Bond Resolution.

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

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

General Certifications as to No Litigation

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

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

Submission of Documents to the Attorney General

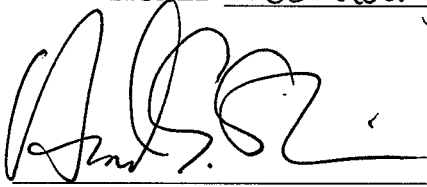
17. The initial Bonds are directed to be sent to the Office of the Attorney General of the State of Texas, Public Finance Division (the "Attorney General"), by the Authority's Bond Counsel, McCall, Parkhurst & Horton L.L.P. The Authority requests that the Attorney General examine and approve the initial Bonds in accordance with applicable law. After such approval, the Attorney General is requested to deliver the Bonds to the Comptroller of Public Accounts for registration.

Authorization of the Attorney General to Execute this Certificate

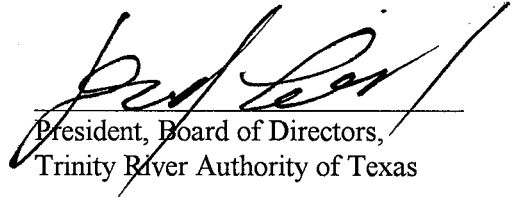
18. The Attorney General is hereby authorized and directed to date this Certificate concurrently with the date of approval of the Bonds. If any litigation or contest should develop pertaining to the Bonds or any other matters addressed by this Certificate, the undersigned will notify the Attorney General thereof immediately. With this assurance the Attorney General can rely on the absence of any such litigation or contest, and on the veracity and currency of this Certificate, at the time the Bonds are approved, unless the Attorney General is notified otherwise as aforesaid.

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

SIGNED February 1, 2017



Secretary, Board of Directors,
Trinity River Authority of Texas



President, Board of Directors,
Trinity River Authority of Texas

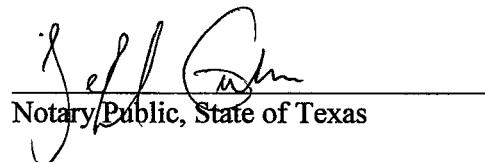
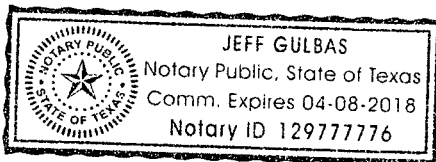


General Manager,
Trinity River Authority of Texas

ACKNOWLEDGMENT

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

GIVEN UNDER MY HAND AND SEAL OF OFFICE this August 24, 2016.



Notary Public, State of Texas

[NOTARY SEAL]

**CERTIFICATE OF FINANCIAL ADVISOR
CONCERNING SUFFICIENCY OF FUNDS**

The undersigned, being an authorized officer of Hilltop Securities Inc. and serving as the financial advisor (the "*Financial Advisor*") of the Trinity River Authority of Texas (the "*Authority*"), hereby certifies as follows:

1. This certificate is given in connection with the retirement of the Trinity River Authority of Texas Northeast Lakeview Wastewater Transportation Project Revenue Bonds, Series 2007 (the "*Series 2007 Bonds*") and the "Trinity River Authority of Texas Northeast Lakeview Wastewater Transportation Project Revenue Bonds, Series 2006."
2. The Authority has authorized the issuance of an obligation designated as "Trinity River Authority of Texas Northeast Lakeview Wastewater Transportation Project Revenue Refunding Bond, Series 2017" in the original principal amount of \$10,005,000.00 (the "*Refunding Bond*").
3. Proceeds of the Refunding Bond totaling \$9,864,429.19, together with a transfer from the debt service reserve fund for the Refunded Bonds in the amount of \$235,427.06, are sufficient to pay the redemption price of the Series 2007 Bonds on February 1, 2017 (the "*Redemption Date*"). The redemption price of the Series 2007 Bonds is \$10,099,856.25, representing \$9,890,000.00 in par amount and \$209,856.25 in accrued interest on the Series 2007 Bonds to the Redemption Date. The payment of \$10,099,856.25 will fully retire all outstanding maturities of the Series 2007 Bonds on February 1, 2017.
4. Additionally, on February 1, 2017, the Issuer will pay principal and interest on the outstanding "Trinity River Authority of Texas Northeast Lakeview Wastewater Transportation Project Revenue Bonds, Series 2006" (the "*Series 2006 Bonds*") in the amount of \$1,099,693.13 (representing \$1,075,000.00 of principal amount and \$24,693.13 in accrued interest) from the Issuer's debt service reserve fund for the Series 2006 Bonds. The deposit of \$1,099,693.13 will fully retire all outstanding maturities of the Series 2006 Bonds on February 1, 2017.
5. The amounts shown in paragraphs 3 and 4 will be sufficient to pay all principal and interest due to retire the Series 2007 Bonds and Series 2006 Bonds, as applicable, and such amounts have been confirmed to the undersigned as being accurate by an authorized representative of The Bank of New York Mellon Trust Company, N.A., as the paying agent/registrars for the Series 2006 Bonds and the Series 2007 Bonds.

EXECUTED THIS JANUARY 12, 2017.

HILLTOP SECURITIES INC.

By: Mam Lu

Title: Managing Director

LAW OFFICES
McCALL, PARKHURST & HORTON L.L.P.

600 CONGRESS AVENUE
SUITE 1800
AUSTIN, TEXAS 78701-3248
TELEPHONE: 512 478-3805
FACSIMILE: 512 472-0871

717 NORTH HARWOOD
SUITE 900
DALLAS, TEXAS 75201-6587
TELEPHONE: 214 754-9200
FACSIMILE: 214 754-9250

700 N. ST. MARY'S STREET
SUITE 1525
SAN ANTONIO, TEXAS 78205-3503
TELEPHONE: 210 225-2800
FACSIMILE: 210 225-2984

December 1, 2016

Sharda Bieganski
The Bank of New York Mellon Trust Company, National Association
2001 Bryan Street, 11th Floor
Dallas, Texas 75201

Re: \$10,005,000 TRINITY RIVER AUTHORITY OF TEXAS NORTHEAST
LAKEVIEW WASTEWATER TRANSPORTATION PROJECT REVENUE
REFUNDING BOND, SERIES 2017

Dear Ms. Bieganski:

With respect to the captioned issue we enclose the following:

1. A copy of the Bond Resolution and pricing certificate authorizing the issuance of the captioned bonds (the "*Resolution*"). Please note that the Resolution describes the Northeast Lakeview Wastewater Transportation Project Revenue Bonds, Series 2006 and Northeast Lakeview Wastewater Transportation Project Revenue Bonds, Series 2007 (the "*Refunded Bonds*") for which you serve as paying agent/registrar, which issues the Board has provided for the redemption or defeasance of by issuance of the \$10,005,000 Trinity River Authority of Texas Northeast Lakeview Wastewater Transportation Project Revenue Refunding Bond, Series 2017, with respect the Series 2007 Bonds and by a cash deposit from the Issuer for the defeasance of the entirety of the outstanding Series 2006 Bonds.
2. The attached Resolution serves as notice to the Bank as Paying Agent for the Refunded Bonds that said bonds have been defeased or called for redemption by the Issuer as set forth therein. You are authorized and directed to take such steps as may be necessary to redeem said bonds as provided for in the Resolution and the attached copies of the resolution and Certificate of General Manager authorizing the issuance of the Refunded Bonds, which are enclosed for your information. You will need to notify all affected bondholders by proper mailing of notice as required. We ask that these actions be taken as soon as possible.
3. The payment of your fees as paying agent for the Refunded Bonds is being provided for by the Issuer concurrently with the payment and delivery of the Bonds. Your acknowledgment of this letter constitutes your concurrence with the terms and adequacy of these payments and acceptance of the duties regarding the Refunded Bonds.

Please acknowledge receipt of this letter by executing the acknowledgment on the second copy of this letter and returning the acknowledged copy to me no later than December 15, 2016.

Thank you for your attention to this matter. If you should have any questions, please advise.

Very truly yours,

A handwritten signature in blue ink, appearing to read "J. Gulbas", is positioned above the printed name.

Jeff Gulbas

RECEIPT ACKNOWLEDGED on December ____, 2016:

THE BANK OF NEW YORK MELLON TRUST COMPANY,
NATIONAL ASSOCIATION

By: _____

Very truly yours,



Jeff Gulbas

RECEIPT ACKNOWLEDGED on December 7, 2016:

THE BANK OF NEW YORK MELLON TRUST COMPANY,
NATIONAL ASSOCIATION

By: Sharda Biganski

FEDERAL TAX CERTIFICATE

1. In General.

1.1. The undersigned is the General Manager of the Trinity River Authority of Texas (the "Issuer").

1.2. This Certificate is executed for the purpose of establishing the reasonable expectations of the Issuer as to future events regarding the Issuer's Northeast Lakeview Wastewater Transportation Project Revenue Refunding Bond, Series 2017 (the "Bond"). The Bond is being issued pursuant to an Ordinance of the Issuer and a Pricing Certificate of General Manager, each duly adopted by the Issuer (collectively, the "Ordinance"). The Ordinance is incorporated herein by reference.

1.3. To the best of the undersigned's knowledge, information and belief, the expectations contained in this Federal Tax Certificate are reasonable.

1.4. The undersigned is an officer of the Issuer delegated with the responsibility, among others, of issuing and delivering the Bond.

1.5. The undersigned is not aware of any facts or circumstances that would cause him to question the accuracy of the representations made by JP Morgan Chase Bank, N.A. (the "Purchaser") in the Issue Price Certificate attached hereto as Exhibit "D", and by FirstSouthwest, a Division of Hilltop Securities Inc. (the "Financial Advisor") in Subsection 6.3 of this Certificate and with respect to the Schedules attached hereto as Exhibit "E."

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

2.1. The purpose for the issuance of the Bond, as more fully described in the Ordinance, is to currently refund the Issuer's Northeast Lakeview Wastewater Transportation Project Revenue Bonds, Series 2007 (the "Outstanding Bonds") and to pay the related expenses of issuing the Bond. The proceeds of the Bond will be expended with amounts transferred from the Reserve Fund, as hereinafter described, for such purpose within 90 days of the date hereof.

2.2. The proceeds of the Outstanding Bonds were used to provide for the acquisition and construction by the Issuer, for the benefit of the Cities of Cedar Hill and Grand Prairie, Texas (collectively, the "Cities") of the Northeast Lakeview Wastewater Transportation project, consisting of a lift station and force main used to transport wastewater from the Cities to the Issuer's Central Regional Wastewater System (the "Outstanding Projects"). The Outstanding Projects remain in service and have not been sold or otherwise disposed of by the Issuer.

2.3. The Issuer expects that 120 percent of the aggregate useful lives of the Outstanding Projects, on the later of the date that such Outstanding Projects were placed in service or the date of issuance of the Outstanding Bonds, will exceed 19 years.

2.4. Other than members of the general public and the Cities, the Issuer expects that throughout the lesser of the term of the Bond, or the useful lives of the Outstanding Projects, the only user of the Outstanding Projects will be the Issuer or the Issuer's employees and agents. The Issuer will be the manager of the Outstanding Projects. In no event have the proceeds of the Outstanding Bonds or facilities financed therewith

be used for private business use in an amount greater than \$15 million. Other than the Contracts within the meaning of the Resolution, the Issuer does not expect to enter into long-term sales of output from the Outstanding Projects, except on the basis of generally-applicable and uniformly applied rates. The Issuer may apply different rates for different classes of customers, including volume purchasers, which are reasonable and customary.

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

2.6. For purposes of Subsection 2.5 hereof, the Issuer has not included the portion of the Outstanding Projects comprised of personal property that is disposed in the ordinary course at a price that is expected to be less than 25 percent of the original purchase price. The Issuer, upon any disposition of such property, will transfer the receipts from the disposition of such property to the general operating fund and expend such receipts within six months for other governmental programs.

3. Yield.

3.1. The issue price of the Bond included in the Form 8038-G, is based on the Issue Price Certificate attached hereto.

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

4. Transferred Proceeds and Disposition Proceeds.

As of the date of this Certificate, certain amounts which were received from the sale of the Outstanding Bonds, together with investment earnings thereon, have not been expended. The Issuer has determined that such amounts are necessary to complete the projects intended to be financed with the proceeds of the Outstanding Bonds, contribution to the escrow fund, or are to be maintained in the Reserve Fund, as hereinafter described. Subsequent to the date of delivery, such amounts will be invested at a yield which does not exceed, prior to any date on which principal on the Outstanding Bonds is discharged, the yield on the Outstanding Bonds, and subsequent to such date, such amounts will be invested at a yield which does not exceed the yield on the Bond.

5. Interest and Redemption Fund.

5.1. A separate and special Interest and Redemption Fund has been created and established, other than as described herein, solely to pay the principal of and interest on the Bond (the "Bona Fide Debt Service Portion"). The Bona Fide Debt Service Portion constitutes a fund that is used primarily to achieve a proper matching of revenues and debt service within each bond year. Such portion will be completely depleted at least once each year except for an amount not in excess of the greater of (a) one-twelfth of the debt service on

the Bond for the previous year, or (b) the previous year's earnings on such portion of the Interest and Redemption Fund. Amounts deposited in the Interest and Redemption Fund constituting the Bona Fide Debt Service Portion will be spent within a thirteen-month period beginning on the date of deposit, and any amount received from the investment of money held in the Interest and Redemption Fund will be spent within a one-year period beginning on the date of receipt.

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

6. Reserve Fund.

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

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

6.3. Based on the recommendation of the Financial Advisor to the Issuer, the amount deposited to the Reserve Fund, if any, does not exceed that amount which is reasonably prudent to be maintained to secure the timely payment of debt service in the event of periodic fluctuations in revenues of the Issuer. No amounts will be deposited in the Reserve Fund constituting proceeds received from the sale of the Bond.

7. Revenue Fund.

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

7.2. Other than moneys in the Revenue Fund that are transferred to the Interest and Redemption Fund the moneys in the Revenue Fund are reasonably expected not to be used to pay the principal of and interest on the Bond. There will be no assurance that such moneys will be available to meet debt service if the Issuer encounters financial difficulty. Amounts in the Revenue Fund will be invested without yield restriction.

8. Invested Sinking Fund Proceeds, Replacement Proceeds.

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

8.2. Other than the Interest and Redemption Fund there are, and will be, no other funds or accounts established, or to be established, by or on behalf of the Issuer (a) which are reasonably expected to be used, or to generate earnings to be used, to pay debt service on the Bond, or (b) which are reserved or pledged as collateral for payment of debt service on the Bond and for which there is reasonable assurance that amounts therein will be available to pay such debt service if the Issuer encounters financial difficulties. Accordingly, there are no other amounts constituting "gross proceeds" of the Bond, within the meaning of section 148 of the Internal Revenue Code of 1986 (the "Code").

9. Other Obligations.

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

10. Federal Tax Audit Responsibilities.

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

11. Record Retention and Private Business Use.

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

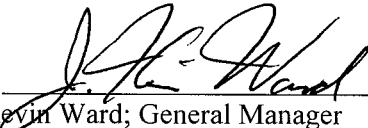
12. Rebate to United States.

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

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

DATED as of February 1, 2017.

TRINITY RIVER AUTHORITY OF TEXAS

By: 
J. Kevin Ward; General Manager

The undersigned represents that, to the best of the undersigned's knowledge, information and belief, the representations contained in Subsection 6.3 of this Federal Tax Certificate and of the Schedules attached hereto as Exhibit "E" are, as of February 1, 2017, accurate and complete. We understand that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in this Federal Tax Certificate and by McCall, Parkhurst & Horton L.L.P. (i) in connection with rendering its opinion to the Issuer that interest on the Bond is excludable from gross income thereof for income tax purposes, and (ii) for purposes of completing the IRS Form 8038-G. The undersigned is certifying only as to facts in existence on the date hereof. Nothing herein represents the undersigned's interpretation of any laws or the application of any laws to these facts.

FIRSTSOUTHWEST,
A DIVISION OF HILLTOP SECURITIES INC.

By: Mary Williams
Name: Mary Williams
Title: MD

Exhibit "A"

November 1, 2016

ARBITRAGE REBATE REGULATIONS®

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

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

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

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

Copyright 2016 by McCall, Parkhurst & Horton L.L.P. All rights reserved.

600 Congress Ave., Suite 1800
Austin, Texas 78701
T 512.478.3805
F 512.472.0871

717 North Harwood, Suite 900
Dallas, Texas 75201
T 214.754.9200
F 214.754.9250

700 N. St. Mary's Street, Suite 1525
San Antonio, Texas 78205
T 210.225.2800
F 210.225.2984

www.mphlegal.com



Effective Dates

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

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

Future Value Computation Method

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

Under the future value method, the amount of rebate is determined by compounding the aggregate earnings on all the investments from the date of receipt by the issuer to the



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

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

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

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

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

<u>Date</u>	<u>Receipts (Payments)</u>	<u>FY (7.0000 percent)</u>
1/1/1994	(\$49,000,000)	(\$69,119,339)
2/1/1994	3,000,000	4,207,602
4/1/1994	5,000,000	6,932,715
6/1/1994	14,000,000	19,190,277
9/1/1994	20,000,000	26,947,162
1/1/1995	(1,000)	(1,317)
7/1/1995	10,000,000	12,722,793
1/1/1996	(1,000)	<u>(1,229)</u>
Rebate amount (01/01/1999)		<u><u>\$878,664"</u></u>



General Method for Computing Yield on Bonds

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

The regulations also provide varying periods for computing yield on the bonds depending on the method by which the interest payment is determined. Thus, for example, yield on an issue of bonds sold with variable interest rates (i.e., interest rates which are reset periodically based on changes in market) is computed separately for each computation period ending at least on each five-year anniversary of the delivery date that the issue. In effect, yield on a variable yield issue is determined on each computation date by "looking back" at the interest payments for such period.

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

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

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



The guarantee must be an unconditional obligation of the guarantor enforceable by the bondholder for the payment of principal or interest on the bond or the tender price of a tender bond. The guarantee may be in the form of an insurance policy, surety bond, irrevocable letter or line of credit, or standby purchase agreement. Importantly, the guarantor must be legally entitled to full reimbursement for any payment made on the guarantee either immediately or upon commercially reasonable repayment terms. The guarantor may not be a co-obligor of the bonds or a user of more than 10 percent of the proceeds of the bonds.

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

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

Earnings on Nonpurpose Investments

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



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

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

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

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

The arbitrage regulations provide a number of instances in which earnings will be imputed to nonpurpose investments. Receipts generally will be imputed to investments that do not bear interest at an arm's-length (i.e., market) interest rate. As such, the regulations adopt a "market price" rule. In effect, this rule prohibits an issuer from investing bond proceeds in investments at a price which is higher than the market price of comparable obligations, in order to reduce the yield. Special rules are included for determining the market price for investment contracts, certificates of deposit and certain U.S. Treasury



obligations. For example, to establish the fair market value of investment contracts a bidding process between three qualified bidders must be used. The fair market value of certificates of deposit which bear a fixed interest rate and are subject to an early withdrawal penalty is its purchase price if that price is not less than the yield on comparable U.S. Treasury obligations and is the highest yield available from the institution. In any event, a basic "common sense" rule-of-thumb that can be used to determine whether a fair market value has been paid is to ask whether the general funds of the issuer would be invested at the same yield or at a higher yield. An exception to this market price rule is available for United States Treasury Obligations - State or Local Government Series in which case the purchase price is always the market price.

Reimbursement and Working Capital

The regulations provide rules for purposes of determining whether gross proceeds are used for working capital and, if so, at what times those proceeds are considered spent. In general, issuers can finance short-term or long-term working capital with tax-exempt bonds. . By adopting a "proceeds-spent-last" rule, the regulations also generally require that an issuer actually incur a deficit (i.e., expenditures must exceed receipts) for the computation period (which generally corresponds to the issuer's fiscal year in the case of short-term working capital financing). Also, the regulations permit an operating reserve, but unlike prior regulations the amount of such reserve may not exceed five percent of the issuer's actual working capital expenditures for the prior fiscal year. A change was made to the regulations in 2016 allows issuers to finance the operating reserve with proceeds of a tax-exempt obligation. The regulations generally continue the prior regulations' 13-month temporary period for short-term working capital financing.

Long-term working capital financings are beyond the scope of this memorandum. In the event long-term working capital financing is needed, issuers are advised to consult McCall, Parkhurst & Horton L.L.P. to address the federal income tax consequences of these transactions.

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

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

Reimbursement generally is not permitted for working capital; only capital costs, grants and loans may be reimbursed. Moreover, certain anti-abuse rules apply to prevent issuers from avoiding the limitations on refundings. IN CASES INVOLVING WORKING



CAPITAL OR REIMBURSEMENT, ISSUERS ARE ADVISED TO CONTACT McCALL, PARKHURST & HORTON L.L.P. TO ADDRESS THE FEDERAL INCOME TAX CONSEQUENCES OF THE TRANSACTION.

Rebate Payments

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

Failure to timely pay rebate does not necessarily result in the loss of tax-exemption. Late payments, however, are subject to the payment of interest, and unless waived, a penalty of 50 percent (or, in the case of private activity bonds, other than qualified 501(c)(3) bonds, 100 percent) of the rebate amount which is due. IN SUCH CIRCUMSTANCES, ISSUERS ARE ADVISED TO CONSULT McCALL, PARKHURST & HORTON L.L.P. TO ADDRESS THE FEDERAL INCOME TAX CONSEQUENCES OF THESE TRANSACTIONS.

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

Alternative Penalty Amount

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

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



Exceptions to Rebate

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

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

b. Spending Exceptions.

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

Certain gross proceeds are not subject to the spend-out requirement, including amounts deposited to a bona fide debt service fund, to a reserve fund and amounts which become gross proceeds received from purpose investments. These amounts themselves, however, may be subject to rebate even though the originally expended proceeds were not.

The Code provides a special rule for tax and revenue anticipation notes (i.e., obligations issued to pay operating expenses in anticipation of the receipt of taxes and other revenues). Such notes are referred to as TRANs. To determine the timely expenditure of the proceeds of a TRAN, the computation of the "cumulative cash flow deficit" is important. If the "cumulative cash flow deficit" (i.e., the point at which the operating expenditures of the issuer on a cumulative basis exceed the revenues of the issuer during the fiscal year) occurs within the first six months of the date of issue and must be equal to at least 90 percent of the proceeds of the TRAN, then the notes are deemed to satisfy the exception. This special rule requires, however, that the deficit actually occur, not that the issuer merely have an expectation that the deficit will occur. In lieu of the statutory exception for TRANs, the regulations also provide a second exception. Under this exception, 100 percent of the proceeds must be spent within six months, but before note proceeds can be considered

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



spent, all other available amounts of the issuer must be spent first ("proceeds-spent-last" rule). In determining whether all available amounts are spent, a reasonable working capital reserve equal to five percent of the prior year's expenditures may be set aside and treated as unavailable.

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

Two Year Exception. Bonds issued after December 19, 1989 (i.e., the effective date of the Omnibus Reconciliation Act of 1989), at least 75 percent of the net proceeds of which are to be used for construction, may be exempted from rebate if the gross proceeds are spent within two years. Bonds more than 25 percent of the proceeds of which are used for acquisition or working capital may not take advantage of this exception. The exception applies only to governmental bonds, qualified 501(c)(3) bonds and private activity bonds for governmentally-owned airports and docks and wharves. The two-year exception requires that at least 10 percent of the available construction proceeds must be expended within six months after the date of issue, 45 percent within 12 months, 75 percent within 18 months and 100 percent within 24 months. The term "available construction proceeds" generally means sale proceeds of the bonds together with investment earnings less amounts deposited to a qualified reserve fund or used to pay costs of issuance. Under this rule, a reasonable retainage not to exceed five percent need not be spent within 24 months but must be spent within 36 months.

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

Debt Service Funds. Additionally, an exception to the rebate requirement, whether or not any of the previously discussed exceptions are available, applies for earnings on "bona fide debt service funds." A "bona fide debt service fund" is one in which the amounts are expended within 13 months of the accumulation of such amounts by the issuer. In general, most interest and sinking funds (other than any excess taxes or revenues accumulated therein) satisfy these requirements. For private activity bonds, short term bonds (i.e., have a term of less than five years) or variable rate bonds, the exclusion is



available only if the gross earnings in such fund does not exceed \$100,000, for the bond year. For other bonds issued after November 11, 1988, no limitation is applied to the gross earnings on such funds for purposes of this exception. Therefore, subject to the foregoing discussion, the issuer is not required to take such amounts into account for purposes of the computation.

Conclusion

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

Again, this memorandum is not intended as an exhaustive discussion nor as specific advice with respect to any specific transaction. We advise our clients to seek competent financial and accounting assistance. Of course, we remain available to provide legal advice regarding all federal income tax matters, including arbitrage rebate. If you have any questions, please feel free to contact either Harold T. Flanagan or Stefano Taverna at (214) 754-9200.

EXHIBIT "B"

November 1, 2016

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

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

We hope that this general guideline will be useful to you in interacting with private parties regarding the use of bond proceeds or bond-financed facilities. While the statements contained herein are not intended as advice with regard to any specific transaction, McCall, Parkhurst & Horton L.L.P. remains available should you have questions about these rules. Any tax advice contained in this memorandum, including any attachments, was not intended or written to be used for the purpose of avoiding federal tax related penalties or promoting, marketing or recommending to another party any transaction or matter addressed herein. If you have any specific questions or comments, please feel free to contact Stefano Taverna or Harold T. Flanagan at (214) 754-9200.

I. Private Business Use

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

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



any arrangement in which the non-governmental user has a preference to benefit from the proceeds or the facilities. Therefore, any arrangement which results in a non-governmental person being the ultimate beneficiary of the bond financing must be considered.

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

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

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

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

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

3. Cooperative Research Agreements. A cooperative research agreement with a private sponsor whereby the private party uses bond-financed facilities may cause a private business use problem. Nevertheless, such use of a bond-financed facility by a non-governmental person is to be disregarded for purposes of private business use if the arrangement is in one of the following forms. First, the arrangement may be disregarded if the sponsoring party is required to pay a competitive price for any license or other use of resulting technology, and such price must be determined at the time the technology is available. Second, an arrangement may also qualify if a four-part requirement is met: (1) multiple, unrelated industry sponsors must agree to fund university-performed basic research; (2) the university must determine the research to be performed and the manner in which it is to be performed; (3) the university must have exclusive title to any



patent or other product incidentally resulting from the basic research; and (4) sponsors must be limited to no more than a nonexclusive, royalty-free license to use the product of any such research.

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

II. How Much Private Business Use is Too Much?

In general, there is too much private business use if an amount in excess of 10 percent of the proceeds of the bond issue are to be used, directly or indirectly, in a trade or business carried on by persons other than governmental units, and other than as members of the general public. All trade or business use by persons on a basis different than that of the general public is aggregated for the 10 percent limit. Private business use is measured on a facility or bond issue basis. On a facility basis, such use is generally measured by relative square footage, fair market rental value or the percentage of cost allocable to the private use. On a bond issue basis, the proceeds of the bond issue are allocated to private and governmental (or public) use of the facility to determine the amount of private business use over the term of the bond issue. Temporary use is not necessarily "bad" (i.e., private use) even though it results in more than 10 percent of the facility being so used. For example, if 100 percent of a facility is used for a period equal to five percent of the term of the bond such use may not adversely impact the bonds. The question is whether the benefits and burdens of ownership have transferred to the private user, as in the case of a sale, lease or management contract. If these benefits and burdens have not transferred, such use may be disregarded for purposes of private business use. In no event should private business use exceed \$15,000,000.

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

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

A bond is tested both (1) on the date of issue, and (2) over the term. The tests are applied to analyze the character of the bond on the date of issue, based on how the issuer expects to use the proceeds and the bond-financed property. This is known as the "**reasonable expectations**" standard. The tests also continuously are applied during the term of the bonds to determine whether there has been a deviation from those expectations. This is known as the "**change of use**"



standard. When tested, bonds are viewed on an "issue-by-issue" basis. Generally, bonds secured by the same sources of funds are part of the same "issue" if they are sold within 15 days of one another.

IV. What is the reasonable expectations standard?

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

V. Change of Use Standard.

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

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

VI. Written Procedures.

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

Exhibit "C"

October 27, 2016

J. Kevin Ward
General Manager
Trinity River Authority of Texas
5300 S. Collins
Arlington, Texas 76018

Re: Trinity River Authority of Texas
Northeast Lakeview Wastewater Transportation Project Revenue Refunding Bond,
Series 2017

Dear Mr. Ward:

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

The Issuer has determined to use the unexpended original and investment proceeds of the outstanding bonds deposited to the construction fund to complete the projects intended to be financed with the proceeds of the outstanding bonds. As such, those proceeds are not being deposited to the escrow for the outstanding bonds. Because those proceeds will not be expended in connection with the refunding, however, they will be subject to yield restriction. Accordingly, prior to date principal of the outstanding bonds is discharged with proceeds of the captioned bond, those proceeds should be invested in obligations the yield on which does not exceed the yield on the outstanding bonds. Thereafter, those proceeds may not be invested in obligations the yield on which exceeds the yield on the captioned bond. With respect to the specific dates for and amounts subject to such yield restriction, please consult the Issuer's arbitrage rebate consultant.

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



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

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

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

The Ordinance contains covenants that require the Issuer to comply with the requirements of the federal tax laws relating to the tax-exempt obligations. The Internal Revenue Service (the "Service") has determined that certain materials, records and information should be retained by the issuers of tax-exempt obligations for the purpose of enabling the Service to confirm the exclusion of the interest on such obligations under the Internal Revenue Code. **Accordingly, the Issuer should retain such materials, records and information for the period beginning on the issue date of the outstanding bonds, or, in the case of a sequence of refundings, the issue date of the obligations originally financing the refinanced projects and ending three years after the date the captioned bond is retired. Please note this federal tax law standard may vary from state law standards.** The material, records and information required to be retained will generally be contained in the transcript of proceedings for the captioned bond, however, the Issuer should collect and retain additional materials, records and information to ensure the continued compliance with federal tax law requirements. For example, beyond the transcript of proceedings for the bond, the Issuer should keep schedules evidencing the expenditure of bond proceeds, documents relating to the use of bond-financed property by governmental and any private parties (e.g., leases and management contracts, if any) and schedules pertaining to the investment of bond proceeds. In the event that you have questions relating to record retention, please contact us.

The Service also wants some assurance that any failure to comply with the federal tax laws was not due to an issuer's intentional disregard or gross neglect of the responsibilities imposed on it by the federal tax laws. Therefore, to ensure post-issuance compliance, an issuer should consider adopting formalized written guidelines to help the issuer perform diligence reviews at regular intervals. The goal is for issuers to be able to timely identify and resolve violations of the laws necessary to maintain their obligations' tax-favored status.



While the federal tax certificate, together with its attachments, may generally provide a basic written guideline when incorporated in an organizations' operations, the extent to which an organization has appropriate written compliance procedures in place is to be determined on a case-by-case basis. Moreover, the Service has indicated that written procedures should identify the personnel that adopted the procedures, the personnel that is responsible for monitoring compliance, the frequency of compliance check activities, the nature of the compliance check activities undertaken, and the date such procedures were originally adopted and subsequently updated, if applicable. The Service has stated that the adoption of such procedures will be a favorable factor that the Service will consider when determining the amount of any penalty to be imposed on an issuer in the event of an unanticipated and non-curable failure to comply with the tax laws.

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

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

Very truly yours,

McCALL, PARKHURST & HORTON L.L.P

cc: Mr. G. Charles Kobdish
Mr. Jeff H. Gulbas

Exhibit "D"

ISSUE PRICE CERTIFICATE

The undersigned, as the duly authorized representative of JPMorgan Chase Bank, N.A. (the "Purchaser") of the \$10,005,000 Trinity River Authority of Texas Northeast Lakeview Wastewater Transportation Project Revenue Refunding Bond, Series 2017 (the "Bond") issued by the Trinity River Authority of Texas (the "Issuer"), hereby certifies and represents on behalf of the Purchaser, but not in his/her own right, based on its records and information available to it that it believes, after reasonable inquiry, to be accurate and complete as of the date hereof, as follows:

The Bond has been purchased by the Purchaser, who is acquiring as the first buyer of the Bond and not for the present purposes of resale, at a purchase price equal to 100 percent of the stated principal amount thereof. The Purchaser neither has nor will offer the Bond to the public. The Purchaser is not acquiring the Bond from the Issuer in consideration for the payment of property, other than money.

The undersigned understands that the representations made in this Issue Price Certificate will be relied upon, by the Issuer with respect to certain of the representations set forth in this Federal Tax Certificate and by McCall, Parkhurst & Horton L.L.P. (i) in connection with rendering its opinion to the Issuer that interest on the Bond is excludable from gross income thereof for income tax purposes, and (ii) for purposes of completing the IRS Form 8038-G. The undersigned is certifying only as to facts in existence on the date hereof. Nothing herein represents the undersigned's interpretation of any laws or the application of any laws to these facts.

EXECUTED and DELIVERED as of this February 1, 2017.

JPMORGAN CHASE BANK, N.A.

By: 

Name: John T. Kirby

Title: Authorized Officer

Exhibit "E"

SCHEDULES OF FINANCIAL ADVISOR

[To be attached hereto]

TABLE OF CONTENTS

**Northeast Lakeview Wastewater Transportation Project
Revenue Refunding Bonds, Series 2017
JPM Non-callable Interest rate of 2.06% as of 10/27/2016
Forward Delivery on 2/1/2017
Final Numbers**

Report	Page
Sources and Uses of Funds	1
Bond Summary Statistics	2
Bond Pricing	3
Bond Debt Service	4
Summary of Refunding Results	6
Savings	7
Escrow Requirements	8
Escrow Cost	9
Cost of Issuance	10
Form 8038 Statistics	11
Proof of Arbitrage Yield	13

SOURCES AND USES OF FUNDS

Northeast Lakeview Wastewater Transportation Project
Revenue Refunding Bonds, Series 2017
JPM Non-callable Interest rate of 2.06% as of 10/27/2016
Forward Delivery on 2/1/2017
Final Numbers

Dated Date 02/01/2017
Delivery Date 02/01/2017

Sources:

Bond Proceeds:	
Par Amount	10,005,000.00
Other Sources of Funds:	
Transfer from DSRF	235,427.06
	<hr/>
	10,240,427.06

Uses:

Refunding Escrow Deposits:	
Cash Deposit	10,099,856.25
Delivery Date Expenses:	
Cost of Issuance	138,727.50
Other Uses of Funds:	
Additional Proceeds	1,843.31
	<hr/>
	10,240,427.06

BOND SUMMARY STATISTICS

**Northeast Lakeview Wastewater Transportation Project
Revenue Refunding Bonds, Series 2017
JPM Non-callable Interest rate of 2.06% as of 10/27/2016
Forward Delivery on 2/1/2017
Final Numbers**

Dated Date	02/01/2017
Delivery Date	02/01/2017
First Coupon	08/01/2017
Last Maturity	02/01/2027
Arbitrage Yield	2.060000%
True Interest Cost (TIC)	2.060000%
Net Interest Cost (NIC)	2.060000%
All-In TIC	2.323750%
Average Coupon	2.060000%
Average Life (years)	5.737
Weighted Average Maturity (years)	5.737
Duration of Issue (years)	5.363
Par Amount	10,005,000.00
Bond Proceeds	10,005,000.00
Total Interest	1,182,337.00
Net Interest	1,182,337.00
Bond Years from Dated Date	57,395,000.00
Bond Years from Delivery Date	57,395,000.00
Total Debt Service	11,187,337.00
Maximum Annual Debt Service	1,242,669.00
Average Annual Debt Service	1,118,733.70
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	
Total Underwriter's Discount	
Bid Price	100.000000

Bond Component	Par Value	Price	Average Coupon	Average Life	Average Maturity Date	Duration	PV of 1 bp change
Serial Bond	10,005,000.00	100.000	2.060%	5.737	10/28/2022	5.363	5,350.70
	10,005,000.00			5.737			5,350.70

	TIC	All-In TIC	Arbitrage Yield
Par Value	10,005,000.00	10,005,000.00	10,005,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount			
- Cost of Issuance Expense		-138,727.50	
- Other Amounts			
Target Value	10,005,000.00	9,866,272.50	10,005,000.00
Target Date	02/01/2017	02/01/2017	02/01/2017
Yield	2.060000%	2.323750%	2.060000%

BOND PRICING

**Northeast Lakeview Wastewater Transportation Project
Revenue Refunding Bonds, Series 2017
JPM Non-callable Interest rate of 2.06% as of 10/27/2016
Forward Delivery on 2/1/2017
Final Numbers**

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Serial Bond:					
	02/01/2018	895,000	2.060%	2.060%	100.000
	02/01/2019	915,000	2.060%	2.060%	100.000
	02/01/2020	935,000	2.060%	2.060%	100.000
	02/01/2021	955,000	2.060%	2.060%	100.000
	02/01/2022	970,000	2.060%	2.060%	100.000
	02/01/2023	995,000	2.060%	2.060%	100.000
	02/01/2024	1,015,000	2.060%	2.060%	100.000
	02/01/2025	1,035,000	2.060%	2.060%	100.000
	02/01/2026	1,060,000	2.060%	2.060%	100.000
	02/01/2027	1,230,000	2.060%	2.060%	100.000
		10,005,000			

Dated Date	02/01/2017	
Delivery Date	02/01/2017	
First Coupon	08/01/2017	
Par Amount	10,005,000.00	
Original Issue Discount		
Production	10,005,000.00	100.000000%
Underwriter's Discount		
Purchase Price	10,005,000.00	100.000000%
Accrued Interest		
Net Proceeds	10,005,000.00	

BOND DEBT SERVICE

**Northeast Lakeview Wastewater Transportation Project
Revenue Refunding Bonds, Series 2017
JPM Non-callable Interest rate of 2.06% as of 10/27/2016
Forward Delivery on 2/1/2017
Final Numbers**

Period Ending	Principal	Interest	Debt Service
11/30/2017		103,051.50	103,051.50
11/30/2018	895,000	196,884.50	1,091,884.50
11/30/2019	915,000	178,241.50	1,093,241.50
11/30/2020	935,000	159,186.50	1,094,186.50
11/30/2021	955,000	139,719.50	1,094,719.50
11/30/2022	970,000	119,892.00	1,089,892.00
11/30/2023	995,000	99,652.50	1,094,652.50
11/30/2024	1,015,000	78,949.50	1,093,949.50
11/30/2025	1,035,000	57,834.50	1,092,834.50
11/30/2026	1,060,000	36,256.00	1,096,256.00
11/30/2027	1,230,000	12,669.00	1,242,669.00
	10,005,000	1,182,337.00	11,187,337.00

BOND DEBT SERVICE

**Northeast Lakeview Wastewater Transportation Project
Revenue Refunding Bonds, Series 2017
JPM Non-callable Interest rate of 2.06% as of 10/27/2016
Forward Delivery on 2/1/2017
Final Numbers**

Period Ending	Principal	Interest	Debt Service
08/01/2017		103,051.50	103,051.50
02/01/2018	895,000	103,051.50	998,051.50
08/01/2018		93,833.00	93,833.00
02/01/2019	915,000	93,833.00	1,008,833.00
08/01/2019		84,408.50	84,408.50
02/01/2020	935,000	84,408.50	1,019,408.50
08/01/2020		74,778.00	74,778.00
02/01/2021	955,000	74,778.00	1,029,778.00
08/01/2021		64,941.50	64,941.50
02/01/2022	970,000	64,941.50	1,034,941.50
08/01/2022		54,950.50	54,950.50
02/01/2023	995,000	54,950.50	1,049,950.50
08/01/2023		44,702.00	44,702.00
02/01/2024	1,015,000	44,702.00	1,059,702.00
08/01/2024		34,247.50	34,247.50
02/01/2025	1,035,000	34,247.50	1,069,247.50
08/01/2025		23,587.00	23,587.00
02/01/2026	1,060,000	23,587.00	1,083,587.00
08/01/2026		12,669.00	12,669.00
02/01/2027	1,230,000	12,669.00	1,242,669.00
	10,005,000	1,182,337.00	11,187,337.00

SUMMARY OF REFUNDING RESULTS

**Northeast Lakeview Wastewater Transportation Project
Revenue Refunding Bonds, Series 2017
JPM Non-callable Interest rate of 2.06% as of 10/27/2016
Forward Delivery on 2/1/2017
Final Numbers**

Dated Date	02/01/2017
Delivery Date	02/01/2017
Arbitrage yield	2.060000%
Escrow yield	0.000000%
Value of Negative Arbitrage	
 Bond Par Amount	 10,005,000.00
True Interest Cost	2.060000%
Net Interest Cost	2.060000%
All-In TIC	2.323750%
Average Coupon	2.060000%
Average Life	5.737
Weighted Average Maturity	5.737
 Par amount of refunded bonds	 9,890,000.00
Average coupon of refunded bonds	4.309866%
Average life of refunded bonds	5.915
Remaining weighted average maturity of refunded bonds	5.909
 PV of prior debt to 02/01/2017 @ 2.323750%	 11,161,636.34
Net PV Savings	1,061,780.09
Percentage savings of refunded bonds	10.735896%
Percentage savings of refunding bonds	10.612495%

SAVINGS

**Northeast Lakeview Wastewater Transportation Project
Revenue Refunding Bonds, Series 2017
JPM Non-callable Interest rate of 2.06% as of 10/27/2016
Forward Delivery on 2/1/2017
Final Numbers**

Date	Prior Debt Service	Refunding Debt Service	Savings	Present Value to 02/01/2017 @ 2.3237502%
11/30/2017	419,712.50	103,051.50	316,661.00	315,434.31
11/30/2018	1,203,712.50	1,091,884.50	111,828.00	108,151.43
11/30/2019	1,206,012.50	1,093,241.50	112,771.00	106,661.60
11/30/2020	1,206,368.75	1,094,186.50	112,182.25	103,765.35
11/30/2021	1,204,759.38	1,094,719.50	110,039.88	99,534.68
11/30/2022	1,201,118.76	1,089,892.00	111,226.76	98,420.99
11/30/2023	1,205,212.51	1,094,652.50	110,560.01	95,699.56
11/30/2024	1,206,750.01	1,093,949.50	112,800.51	95,537.83
11/30/2025	1,205,703.13	1,092,834.50	112,868.63	93,535.23
11/30/2026	1,207,578.13	1,096,256.00	111,322.13	90,270.57
11/30/2027	1,353,984.38	1,242,669.00	111,315.38	88,352.28
	12,620,912.55	11,187,337.00	1,433,575.55	1,295,363.84

Savings Summary

PV of savings from cash flow	1,295,363.84
Less: Prior funds on hand	-235,427.06
Plus: Refunding funds on hand	1,843.31
Net PV Savings	1,061,780.09

ESCROW REQUIREMENTS

**Northeast Lakeview Wastewater Transportation Project
Revenue Refunding Bonds, Series 2017
JPM Non-callable Interest rate of 2.06% as of 10/27/2016
Forward Delivery on 2/1/2017
Final Numbers**

Period Ending	Interest	Principal Redeemed	Total
02/01/2017	209,856.25	9,890,000.00	10,099,856.25
	209,856.25	9,890,000.00	10,099,856.25

ESCROW COST

**Northeast Lakeview Wastewater Transportation Project
Revenue Refunding Bonds, Series 2017
JPM Non-callable Interest rate of 2.06% as of 10/27/2016
Forward Delivery on 2/1/2017
Final Numbers**

Purchase Date	Cost of Securities	Cash Deposit	Total Escrow Cost
02/01/2017		10,099,856.25	10,099,856.25
	0	10,099,856.25	10,099,856.25

COST OF ISSUANCE

**Northeast Lakeview Wastewater Transportation Project
Revenue Refunding Bonds, Series 2017
JPM Non-callable Interest rate of 2.06% as of 10/27/2016
Forward Delivery on 2/1/2017
Final Numbers**

Cost of Issuance	\$/1000	Amount
Financial Advisor Fee	4.64918	46,515.00
Financial Advisor Expenses	0.01000	100.00
Bond Counsel Fee	6.49800	65,012.50
Bond Counsel Expenses	0.19990	2,000.00
Attorney General Fee	0.94953	9,500.00
Redemption Fees	0.05997	600.00
Bank Fee	0.99950	10,000.00
Bank Placement fee	0.49975	5,000.00
	13.86582	138,727.50

FORM 8038 STATISTICS

Northeast Lakeview Wastewater Transportation Project
Revenue Refunding Bonds, Series 2017
JPM Non-callable Interest rate of 2.06% as of 10/27/2016
Forward Delivery on 2/1/2017
Final Numbers

Dated Date 02/01/2017
Delivery Date 02/01/2017

Bond Component	Date	Principal	Coupon	Price	Issue Price	Redemption at Maturity
Serial Bond:						
	02/01/2018	895,000.00	2.060%	100.000	895,000.00	895,000.00
	02/01/2019	915,000.00	2.060%	100.000	915,000.00	915,000.00
	02/01/2020	935,000.00	2.060%	100.000	935,000.00	935,000.00
	02/01/2021	955,000.00	2.060%	100.000	955,000.00	955,000.00
	02/01/2022	970,000.00	2.060%	100.000	970,000.00	970,000.00
	02/01/2023	995,000.00	2.060%	100.000	995,000.00	995,000.00
	02/01/2024	1,015,000.00	2.060%	100.000	1,015,000.00	1,015,000.00
	02/01/2025	1,035,000.00	2.060%	100.000	1,035,000.00	1,035,000.00
	02/01/2026	1,060,000.00	2.060%	100.000	1,060,000.00	1,060,000.00
	02/01/2027	1,230,000.00	2.060%	100.000	1,230,000.00	1,230,000.00
		10,005,000.00			10,005,000.00	10,005,000.00

	Maturity Date	Interest Rate	Issue Price	Stated Redemption at Maturity	Weighted Average Maturity	Yield
Final Maturity	02/01/2027	2.060%	1,230,000.00	1,230,000.00		
Entire Issue			10,005,000.00	10,005,000.00	5.7366	2.0600%

Proceeds used for accrued interest	0.00
Proceeds used for bond issuance costs (including underwriters' discount)	138,727.50
Proceeds used for credit enhancement	0.00
Proceeds allocated to reasonably required reserve or replacement fund	0.00
Proceeds used to currently refund prior issues	9,864,429.19
Proceeds used to advance refund prior issues	0.00
Remaining weighted average maturity of the bonds to be currently refunded	5.9089
Remaining weighted average maturity of the bonds to be advance refunded	0.0000

FORM 8038 STATISTICS

Northeast Lakeview Wastewater Transportation Project
Revenue Refunding Bonds, Series 2017
JPM Non-callable Interest rate of 2.06% as of 10/27/2016
Forward Delivery on 2/1/2017
Final Numbers

Refunded Bonds

Bond Component	Date	Principal	Coupon	Price	Issue Price
\$15,230,000 Northeast Lakeview Wastewater Transportation Project Revenue Bonds, Serres 2007:					
SERIAL	02/01/2018	800,000.00	4.000%	99.736	797,888.00
SERIAL	02/01/2019	835,000.00	4.000%	98.708	824,211.80
SERIAL	02/01/2020	870,000.00	4.125%	99.068	861,891.60
SERIAL	02/01/2021	905,000.00	4.125%	98.198	888,691.90
TERM	02/01/2022	940,000.00	4.250%	98.307	924,085.80
TERM	02/01/2023	985,000.00	4.250%	98.307	968,323.95
TERM02	02/01/2024	1,030,000.00	4.375%	99.082	1,020,544.60
TERM02	02/01/2025	1,075,000.00	4.375%	99.082	1,065,131.50
TERM03	02/01/2026	1,125,000.00	4.375%	98.373	1,106,696.25
TERM03	02/01/2027	1,325,000.00	4.375%	98.373	1,303,442.25
9,890,000.00					9,760,907.65

	Last Call Date	Issue Date	Remaining Weighted Average Maturity
\$15,230,000 Northeast Lakeview Wastewater Transportation Project Revenue Bonds, Serres 2007	02/01/2017	05/23/2007	5.9089
All Refunded Issues	02/01/2017		5.9089

PROOF OF ARBITRAGE YIELD

**Northeast Lakeview Wastewater Transportation Project
Revenue Refunding Bonds, Series 2017
JPM Non-callable Interest rate of 2.06% as of 10/27/2016
Forward Delivery on 2/1/2017
Final Numbers**

Date	Debt Service	Present Value to 02/01/2017 @ 2.0600000000%
08/01/2017	103,051.50	102,000.89
02/01/2018	998,051.50	977,804.98
08/01/2018	93,833.00	90,992.28
02/01/2019	1,008,833.00	968,317.69
08/01/2019	84,408.50	80,192.62
02/01/2020	1,019,408.50	958,619.22
08/01/2020	74,778.00	69,601.94
02/01/2021	1,029,778.00	948,725.96
08/01/2021	64,941.50	59,220.10
02/01/2022	1,034,941.50	934,140.65
08/01/2022	54,950.50	49,092.80
02/01/2023	1,049,950.50	928,462.97
08/01/2023	44,702.00	39,126.62
02/01/2024	1,059,702.00	918,076.38
08/01/2024	34,247.50	29,367.95
02/01/2025	1,069,247.50	907,554.25
08/01/2025	23,587.00	19,816.03
02/01/2026	1,083,587.00	901,067.72
08/01/2026	12,669.00	10,427.63
02/01/2027	1,242,669.00	1,012,391.30
	11,187,337.00	10,005,000.00

Proceeds Summary

Delivery date	02/01/2017
Par Value	10,005,000.00
Target for yield calculation	10,005,000.00

Information Return for Tax-Exempt Governmental Obligations

► Under Internal Revenue Code section 149(e)

► See separate instructions.

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

OMB No. 1545-0720

Part I Reporting Authority

If Amended Return, check here ☐

1 Issuer's name Trinity River Authority of Texas		2 Issuer's employer identification number (EIN) 75-6005084
3a Name of person (other than issuer) with whom the IRS may communicate about this return (see instructions) None		3b Telephone number of other person shown on 3a N/A
4 Number and street (or P.O. box if mail is not delivered to street address) P.O. Box 60	Room/suite	5 Report number (For IRS Use Only) 3
6 City, town, or post office, state, and ZIP code Arlington, Texas 76004		7 Date of issue 02/01/2017
8 Name of issue Northeast Lakeview Wastewater Transportation Project Revenue Refunding Bonds, Series 2017		9 CUSIP number None
10a Name and title of officer or other employee of the issuer whom the IRS may call for more information (see instructions) J. Kevin Ward, General Manager		10b Telephone number of officer or other employee shown on 10a (817) 468-5113

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

11 Education	11		
12 Health and hospital	12		
13 Transportation	13		
14 Public safety	14		
15 Environment (including sewage bonds)	15		
16 Housing	16		
17 Utilities	17	10,005,000	
18 Other. Describe ►	18		
19 If obligations are TANs or RANs, check only box 19a			
If obligations are BANs, check only box 19b			
20 If obligations are in the form of a lease or installment sale, check box			

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

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	02/01/2027	\$ 10,005,000	\$ 10,005,000	5.73 years	2.0600 %

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

22 Proceeds used for accrued interest	22	-0-	
23 Issue price of entire issue (enter amount from line 21, column (b))	23	10,005,000	
24 Proceeds used for bond issuance costs (including underwriters' discount)	24	138,728	
25 Proceeds used for credit enhancement	25	-0-	
26 Proceeds allocated to reasonably required reserve or replacement fund	26	-0-	
27 Proceeds used to currently refund prior issues	27	9,864,429	
28 Proceeds used to advance refund prior issues	28	-0-	
29 Total (add lines 24 through 28)	29	10,003,157	
30 Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	30	1,843	

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

31 Enter the remaining weighted average maturity of the bonds to be currently refunded	5.90	years
32 Enter the remaining weighted average maturity of the bonds to be advance refunded	N/A	years
33 Enter the last date on which the refunded bonds will be called (MM/DD/YYYY)	02/01/2017	
34 Enter the date(s) the refunded bonds were issued ► (MM/DD/YYYY)	05/25/2007	

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 63773S

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

Part VI Miscellaneous

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

Signature and Consent

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

Alison A. Mackey
Signature of issuer's authorized representative

Date

Alison Mackey, CFO

Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name

Harold T. Flanagan

Preparer's signature

Harold T. Flanagan

Date

01.24.17

Check ☐ if self-employed

PTIN

P01071147

Firm's name ▶ McCall, Parkhurst & Horton L.L.P.

Firm's EIN ▶

75-0799392

Firm's address ▶ 717 N. Harwood, Suite 900, Dallas, TX 75201

Phone no.

214-754-9200



Memorandum

1201 Elm Street
Suite 3500
Dallas, TX 75270

Mary Williams
Managing Director

214-953-4021 Direct
800-678-3792 Toll Free
214-683-6366 Cell
214-953-4050 Fax

mary.williams@hilltopsecurities.com

Date: February 1, 2017
To: Working Group Distribution
Subject: Trinity River Authority of Texas ("TRA")
\$10,005,000 Northeast Lakeview Wastewater Transportation Project Revenue Refunding
Bond, Series 2017 (the "Bond")

Sources:

Par Amount of Bond Proceeds	\$ 10,005,000.00
Transfer from prior Debt Service Reserve Fund	<u>235,427.06</u>
	\$ 10,240,427.06

Uses:

Cash Deposit of Refunding Escrow	\$ 10,099,856.25
Costs of Issuance	138,727.50
Rounding Amount	<u>1,843.31</u>
	\$10,240,427.06

Wednesday, February 1, 2017,

1. JPMorgan will wire **\$10,005,000.00** to Bank of New York Mellon (the "Bank") (i) representing \$9,864,429.19 in proceeds of the Series 2017 Bond to be deposited into the debt service fund for the Northeast Lakeview Wastewater Transportation Project Bonds, Series 2007 (the "Refunded Bonds") for the purpose of redeeming all outstanding bonds on the bond call date of February 1, 2017 and \$140,570.81 of costs of issuance and rounding amount.
2. Trinity River Authority will wire **\$235,427.06**, representing the transfer of prior 2006 & 2007 debt service reserve funds, to Bank of New York Mellon, to be deposited into the debt service fund for the Refunded Bonds for the purpose of redeeming all outstanding 2007 bonds on the bond call date of February 1, 2017.

Wiring instructions for Bank of New York Mellon are as follows:

To: The Bank of New York Mellon
ABA: 021000018
IMMS: 4417058400
REF: TRANEL2017
ATTN: Sharda Gray (214) 468-6411

The Bank of New York Mellon will receive a total of **\$10,240,427.06**.

1. Bank of New York Mellon will apply the amount of **\$10,099,856.25** to make the February 1, 2017 debt service payment for the Refunded Bonds (maturities 2018 – 2027) in the principal payment of \$9,890,000.00 and the February 1, 2017 interest payment of \$209,856.25.
2. Bank of New York Mellon will retain **\$625.00**, representing \$600.00 for the redemption fee on the Refunded bonds and \$25 for their wiring fee.
3. Bank of New York Mellon will wire the remaining **\$139,945.81** to the Financial Advisor, FirstSouthwest, a Division of Hilltop Securities Inc. (“FirstSouthwest”) to be used to pay the cost of issuance as shown in Exhibit A. The wiring instructions for FirstSouthwest are as follows:

JPMorgan Chase Bank, N.A., 270 Park Avenue, New York, NY 10017-2070
ABA# 021000021
Hilltop Securities Inc.
Acct. # 08805076955
FFC: 0250-124, TRA Northeast Lakeview WW Series 2017
Attn: Settlement Dept

- a. FirstSouthwest will wire **\$139,945.81**, representing the cost of issuance as shown in Exhibit A, as follows:
 - i. FirstSouthwest will retain the amount of **\$46,615.00** representing the Financial Advisor fee and expenses as shown in Exhibit A.
 - ii. FirstSouthwest will send a wire to the Bond Counsel, McCall, Parkhurst & Horton L.L.P., in the amount of **\$76,512.50** representing the Bond Counsel fee and expenses and reimbursement of the \$9,500.00 Attorney General fee. The wiring instructions for McCall, Parkhurst & Horton L.L.P. are as follows:

Plains Capital Bank
ABA#: 1113-2299-4
Reference #: 2512.196/TRA Northeast Lakeview
Acct. #: 4000001208 (for credit to McCall, Parkhurst & Horton Operating Account)

- iii. FirstSouthwest will send a wire to the Placement Agent, Coastal Securities, Inc., in the amount of **\$5,000.00** representing the Placement Agent fee. The wiring instructions for Coastal Securities, Inc. are as follows:

Integrity Bank
4040 Washington Avenue
Houston, Texas 77007
ABA#: 113094136
Acct No.: 103481
Acct Name: Coastal Securities, Inc.
920 Memorial City Way, 11th Floor
Houston, Texas 77024
Subject: TRA NELV Contract Revenue Refunding Bonds, Series 2017

- iv. FirstSouthwest will send a wire to the Bank Counsel, Kelly, Hart & Hallman, LLP, in the amount of **\$10,000.00** representing the Bank Counsel fee. The wiring instructions for Kelly, Hart & Hallman, LLP are as follows:

Frost National Bank
ABA#: 114000093
Swift Code #: FRSTUS44
Acct Name: Kelly Hart & Hallman LLP
Acct No.: 650038164
Bank Contact Name: Shanon Frank
Bank Contact Phone: 817-810-5429

- v. FirstSouthwest will send a wire to TRA, representing the additional proceeds of **\$1,818.31**. The wiring instructions for TRA are as follows:

Wells Fargo Bank, NA
ABA#: 121000248
Acct#: 3012593020
Acct. Name: TRA General Disbursement
Ref: DCRWS S2016 Ref Bonds

On Wednesday, February 1, 2017, TRA will cash defease the Series 2006 Bonds, See Exhibit B for wiring details.

Please call Mary Williams (214-953-4021) or Darlene Snodgrass (214-953-4023) with any questions or comments regarding the above information.

Trinity River Authority of Texas

Exhibit A

Costs of Issuance

Financial Advisory Fee.....	\$	46,515.00
Financial Advisory Expenses.....	\$	100.00
Bond Counsel.....	\$	65,012.50
Bond Counsel Expenses.....	\$	2,000.00
Attorney General.....	\$	9,500.00
Bank Placement Agent.....	\$	5,000.00
Bank Counsel.....	\$	10,000.00
Miscellaneous.....	\$	1,818.31
Total	\$	139,945.81

EXHIBIT B

WIRE INSTRUCTIONS FOR SERIES 2006

2/1/17 principal and interest payment due

On Wednesday, February 1, 2017 TRA will wire **\$97,066.25** representing the February 1, 2017 principal and interest due:

February 1, 2017 Principal Payment Due	\$	95,000.00
February 1, 2017 Interest Payment Due		2,066.25
Total	\$	97,066.25

On Wednesday, February 1, 2017, TRA will wire **\$1,099,693.13** from the 2006 & 2007 Debt Service Reserve Fund representing the cash defeasance of \$1,075,000 of principal and \$24,693.13 of interest for the 2018 through 2026 maturities of the Series 2006 Bonds.

Wiring instructions are as follows:

Bank of New York Mellon
ABA #:021000018
IMMS #:3108868400
Loan Acct #:TRANEL06
Attn: Sharda Gray (214) 468-6411

WIRE INSTRUCTIONS FOR SERIES 2007

2/1/17 principal and interest payment due

On Wednesday, February 1, 2017 TRA will wire **\$789,250.00** representing the following:

February 1, 2017 Principal Payment Due	\$	770,000.00
Accrued Interest		19,250.00
Total	\$	789,250.00

Wiring instructions are as follows:

Bank of New York Mellon
ABA #:021000018
IMMS #:5335048400
Loan Acct #: TRANELAKE07
Attn: Sharda Gray (214) 468-6411

WORKING GROUP DISTRIBUTION LIST

Issuer

Trinity River Authority of Texas

5300 S. Collins
Arlington, Texas 76018
Fax (817) 465-0970

Kevin Ward (817) 468-5113
wardk@trinityra.org

Fiona Allen (817) 467-4343
allenf@trinityra.org

Alison Mackey (817) 493-5118
mackeya@trinityra.org

Kim Probasco (817) 493-5144
probasco@trinityra.org

Victor Patel
patelv@trinityra.org

Financial Advisor

FirstSouthwest, a Division of Hilltop Securities Inc.

1201 Elm Street, Suite 3500
Dallas, Texas 75270

Mary Williams (214) 953-4021
mary.williams@hilltopsecurities.com

Boyd London (214) 953-4013
boyd.london@hilltopsecurities.com

Ester Flores (214) 953-8863
ester.flores@hilltopsecurities.com

Bond Counsel

McCall, Parkhurst & Horton L.L.P.

717 North Harwood, Ninth Floor
Dallas, Texas 75201-6587

Chuck Kobdish (214) 220-2800
ckobdish@mphlegal.com

Jeff Gulbus (214) 220-2800
jgulbas@mphlegal.com

Hal Flanagan (214) 220-2800
hflanagan@mphlegal.com

Placement Agent

Coastal Securities, Inc.

13155 Noel Road, Suite 900
Dallas, TX 75240

Mark Kim (214) 445-3399
mark.kim@coastalsecurities.com

Bank

JP Morgan

PO Box 2050
Fort Worth, TX 76113-2050

Mike Wilson (817) 884-4283
mike.m.wilson@chase.com

J.T. Kirtley (512) 479-2772
john.t.kirtley@jpmorgan.com

Joan Uphoff (713) 216-4260
joan.uphoff@jpmorgan.com

Bank Counsel

Kelly, Hart & Hallman LLP

201 Main St., Suite 2500
Fort Worth, TX 76102

Dan Settle (817) 878-3536
dan.settle@kellyhart.com

Brandon Hill (817) 878-3544
brandon.hill@kellyhart.com

Paying Agent on the Refunded Bonds

Bank of New York Mellon, N.A.

2001 Bryan Street, 11th Floor
Dallas, Texas 75201

Sharda Gray (214) 468-6411
sharda.gray@bnymellon.com



KEN PAXTON
ATTORNEY GENERAL OF TEXAS

February 1, 2017

THIS IS TO CERTIFY that the Trinity River Authority of Texas (the "Issuer"), has submitted the Trinity River Authority of Texas Northeast Lakeview Wastewater Transportation Project Revenue Refunding Bond, Series 2017 (the "Bond") in the principal amount of \$10,005,000 for approval. The Bond is dated February 1, 2017, numbered R-1, and was authorized by Resolution No. R-1467 of the Issuer passed on August 24, 2016 (the "Resolution").

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

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

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

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


- (1) The Bond has been issued in accordance with law and is a valid and binding special obligation of the Issuer.
- (2) In accordance with the provisions of the law, firm banking arrangements have been made for the discharge and final payment or redemption of the obligations being refunded upon deposit of an amount sufficient to pay said obligations when due.
- (3) The Bond is payable from and secured by a first lien on and pledge of the Pledged Revenues, as provided in the Resolution.
- (4) The Owner of the Bond shall never have the right to demand payment of the Bond, or the interest thereon, from any funds raised or to be raised by the levy of taxes by the Issuer.

Trinity River Authority of Texas Northeast Lakeview Wastewater Transportation Project Revenue
Refunding Bond, Series 2017 - \$10,005,000

-Page 2-

Therefore, the Bond is approved.

The Comptroller is instructed that he may register the Bond without the cancellation of the
underlying securities being refunded thereby.



Attorney General of the State of Texas

No. 62311
Book No. 2017-A
MA

*See attached Signature Authorization

OFFICE OF THE ATTORNEY GENERAL
OF THE STATE OF TEXAS

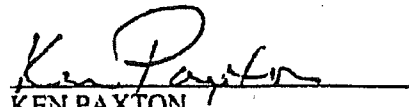
§
§
§

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

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

Given under my hand and seal of office at Austin, Texas, this the 5th day of January, 2015.



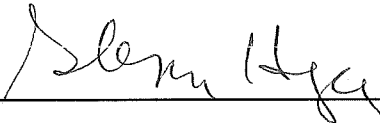

KEN PAXTON
Attorney General of the State of Texas

OFFICE OF COMPTROLLER
OF THE STATE OF TEXAS

I, Melissa Mora, ☐ Bond Clerk ☒ Assistant Bond Clerk in the office of the Comptroller of the State of Texas, do hereby certify that, acting under the direction and authority of the Comptroller on the 1st day of February 2017, I signed the name of the Comptroller to the certificate of registration endorsed upon the:

Trinity River Authority of Texas Northeast Lakeview Wastewater Transportation Project Revenue Refunding Bond, Series 2017,

numbered R-1, dated February 1, 2017, and that in signing the certificate of registration I used the following signature:



IN WITNESS WHEREOF I have executed this certificate this the 1st day of February 2017.



I, Glenn Hegar, Comptroller of Public Accounts of the State of Texas, certify that the person who has signed the above certificate was duly designated and appointed by me under authority vested in me by Chapter 403, Subchapter H, Government Code, with authority to sign my name to all certificates of registration, and/or cancellation of bonds required by law to be registered and/or cancelled by me, and was acting as such on the date first mentioned in this certificate, and that the bonds/certificates described in this certificate have been duly registered in the office of the Comptroller, under Registration Number 88479.

GIVEN under my hand and seal of office at Austin, Texas, this the 1st day of February 2017.



GLENN HEGAR
Comptroller of Public Accounts
of the State of Texas

OFFICE OF COMPTROLLER

OF THE STATE OF TEXAS

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

Trinity River Authority of Texas Northeast Lakeview Wastewater Transportation Project Revenue Refunding Bond, Series 2017

numbered R-1, of the denomination of \$ 10,005,000, dated February 1, 2017, as authorized by issuer, interest 2.06 percent, under and by authority of which said bonds/certificates were registered electronically in the office of the Comptroller, on the 1st day of February 2017, under Registration Number 88479.

Given under my hand and seal of office, at Austin, Texas, the 1st day of February 2017.

A handwritten signature in black ink, appearing to read 'Glenn Hagar', with a stylized, flowing script.

GLENN HEGAR
Comptroller of Public Accounts
of the State of Texas

THE BOND HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS AND IS BEING OFFERED AND SOLD IN THE UNITED STATES ONLY TO INSTITUTIONAL INVESTORS THAT ARE "ACCREDITED INVESTORS" WITHIN THE MEANING OF RULE 501 UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR TO QUALIFIED INSTITUTIONAL BUYERS ("QIBS") IN RELIANCE ON RULE 144A UNDER THE SECURITIES ACT. A PROSPECTIVE PURCHASER THAT IS A QIB IS HEREBY NOTIFIED THAT THE SELLER OF THE BOND MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A. THE BOND IS NOT TRANSFERABLE EXCEPT IN ACCORDANCE WITH THE RESTRICTIONS DESCRIBED HEREIN AND IN THE PURCHASE AGREEMENT.

NO. R-1	UNITED STATES OF AMERICA STATE OF TEXAS TRINITY RIVER AUTHORITY OF TEXAS	PRINCIPAL AMOUNT \$10,005,000
---------	--	-------------------------------------

NORTHEAST LAKEVIEW WASTEWATER TRANSPORTATION PROJECT
REVENUE REFUNDING BONDS, SERIES 2017

<u>INTEREST RATE</u>	<u>DATE OF DELIVERY</u>	<u>MATURITY DATE</u>	<u>CUSIP</u>
2.060%	February 1, 2017	February 1, 2027	N/A

REGISTERED OWNER: JPMORGAN CHASE BANK, N.A.

PRINCIPAL AMOUNT: TEN MILLION FIVE THOUSAND DOLLARS

ON THE MATURITY DATE specified above, the TRINITY RIVER AUTHORITY OF TEXAS (the "Issuer"), being a governmental agency, and body corporate and politic of the State of Texas, hereby promises to pay to the Registered Owner set forth above, or registered assigns (hereinafter called the "registered owner") the principal amount set forth above, and to pay interest thereon from the Date of Delivery as set forth above, on August 1, 2017 and semiannually thereafter on each February 1 and August 1 to the maturity date specified above, at the interest rate per annum specified above, calculated on the basis of a 360-day year composed of twelve 30-day months; except that if this Bond is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such principal amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Bond for which this Bond is being exchanged or converted from is due but has not been paid, then this Bond shall bear interest from the date to which such interest has been paid in full.

THE OUTSTANDING PRINCIPAL AMOUNT of this Bond shall bear interest at the rate indicated above unless:

- (a) the Issuer defaults in the payment of the principal of or interest on this Bond when due

("Event of Default"), in which case any principal of and interest on this Bond shall bear interest at the Default Interest Rate per annum; or

- (b) a Determination of Taxability shall have occurred, in which case this Bond shall bear interest at the rate of 2.848% per annum from the Date of Taxability, calculated on the basis of a 360-day year consisting of twelve 30-day months.

"Date of Taxability" means the earliest date as of which interest on this Bond shall have been determined to be includable in the gross income of the Registered Owner pursuant to a Determination of Taxability.

"Default Interest Rate" means the Base Rate plus 4.000%. "Base Rate" means the higher of (i) the Prime Rate of JPMorgan Chase Bank, N.A. and (ii) 2.5% plus the One Month Adjusted LIBOR Rate. "One Month Adjusted Libor Rate" means such rate established by the London Interbank Offered Rate as published by Reuters (or other commercially available source providing quotations of such rate) as determined at approximately 11:00 a.m. London time two (2) London Banking Days prior to the date in question. In any case, the Default Interest Rate may not exceed the maximum interest rate allowed by Texas law. Upon an Event of Default, the outstanding principal amount of the Bond would be accelerated and due and payable within 30 days of such Event of Default.

"Determination of Taxability" or "Determination" means and shall be deemed to have occurred on the first to occur of the following:

- (i) on that date when the Issuer files any statement, supplemental statement or other tax schedule, return or document which discloses that an Event of Taxability, as hereinafter defined, shall have in fact occurred;

- (ii) on the date when the Registered Owner notifies the Issuer that it has received a written opinion by an attorney or firm of attorneys of recognized standing on the subject of municipal bonds to the effect that an Event of Taxability shall have occurred unless, within 180 days after receipt by the Issuer of such notification from the Registered Owner, the Issuer shall deliver to the Registered Owner a ruling or determination letter issued to or on behalf of the Issuer by the Commissioner or any District Director of Internal Revenue (or any other governmental official exercising the same or a substantially similar function from time to time) to the effect that, after taking into consideration such facts as form the basis for the opinion that an Event of Taxability has occurred, an Event of Taxability shall not have occurred;

- (iii) on the date when the Issuer shall be advised in writing by the Commissioner or any District Director of Internal Revenue (or any other government official or agent exercising the same or a substantially similar function from time to time) that, based upon filings of the Issuer, or upon any review or audit of the Issuer or upon any other ground whatsoever, an Event of Taxability shall have occurred;

- (iv) on that date when the Issuer shall receive notice from the Registered Owner that the Internal Revenue Service (or any other government official or agency exercising the same or a substantially similar function from time to time) has assessed as includable in the gross income of the Registered Owner the interest on this Bond due to the occurrence of an Event of Taxability;

provided, however, no Determination of Taxability shall occur under subparagraph (iii) or (iv) above unless the Issuer has been afforded the opportunity, at its expense, to contest any such assessment, and, further, no Determination of Taxability shall occur until such contest, if made, has been finally determined; provided further, however, that upon demand from the Registered Owner, the Issuer shall immediately reimburse the Registered Owner for any payments the Registered Owner shall be obligated to make as a result of the Determination of Taxability during any such contest.

"Event of Taxability" means a change in law or fact or the interpretation thereof, or the occurrence or existence of any fact, event or circumstance (including, without limitation, the taking of any action by the Issuer, or the failure to take any action by the Issuer, or the making by the Issuer of any misrepresentation herein or in any certificate required to be given in connection with the issuance, sale or delivery of this Bond), which has the effect of causing interest paid or payable on this Bond to become includable, in the gross income of the Registered Owner for federal income tax purposes.

THE PRINCIPAL OF AND INTEREST ON this Bond are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Bond shall be paid to the registered owner hereof upon presentation and surrender of this Bond at maturity, at the principal corporate trust office of JPMorgan Chase Bank, National Association, Fort Worth Texas, which is the "Paying Agent/Registrar" for this Bond. The payment of interest on this Bond shall be made by the Paying Agent/Registrar to the registered owner hereof on each interest payment date by check or draft, dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the Issuer required by the Resolution authorizing the issuance of this Bond (the "Bond Resolution") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check or draft shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the registered owner hereof, at its address as it appeared on the fifteenth calendar day of the month next preceding each such date (the "Record Date") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. In addition, interest may be paid by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Issuer. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each owner of a Bond appearing on the Registration Books at the close of business on the last business day next preceding the date of mailing of such notice.

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

IF THE DATE for the payment of the principal of or interest on this Bond shall be a Saturday, Sunday, a legal holiday, or a day on which banking institutions in the city where the principal corporate trust office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day on which banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

THIS BOND is dated February 1, 2017 and has been authorized in accordance with the Constitution and laws of the State of Texas in the principal amount of \$10,005,000, IN ORDER TO OBTAIN FUNDS TO PAY THE COSTS OF REFUNDING CERTAIN MATURITIES OF THE ISSUER'S OUTSTANDING TRINITY RIVER AUTHORITY OF TEXAS NORTHEAST LAKEVIEW WASTEWATER TRANSPORTATION PROJECT REVENUE BONDS, SERIES 2007.

THIS BOND is not subject to optional redemption prior to their maturities at the option of the Issuer.

THIS BOND is subject to scheduled mandatory redemption by the Paying Agent/Registrar, at a price equal to the principal amount thereof, plus accrued interest to the redemption date, out of moneys available for such purpose in the interest and redemption fund for the Bond, on February 1 of each year and in the respective principal amounts, set forth in the following schedule:

<u>Year</u>	<u>Principal Amount</u>
2018	\$895,000
2019	\$915,000
2020	\$935,000
2021	\$955,000
2022	\$970,000
2023	\$995,000
2024	\$1,015,000
2025	\$1,035,000
2026	\$1,060,000
2027*	\$1,230,000

* Final Maturity

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

exercise of such privilege. The Paying Agent/Registrar shall not be required to make any such transfer, conversion, or exchange 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.

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

IT IS HEREBY certified, recited, and covenanted that this Bond has been duly and validly authorized, issued, sold, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this Bond have been performed, existed, and been done in accordance with law; that this Bond is a special obligation of the Issuer which, together with other bonds, is 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 the "Trinity River Authority of Texas - Northeast Lakeview Wastewater Transportation System Contract" dated as of July 1, 2005, as amended, among the Issuer and the Cities of Cedar Hill and Grand Prairie, Texas.

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

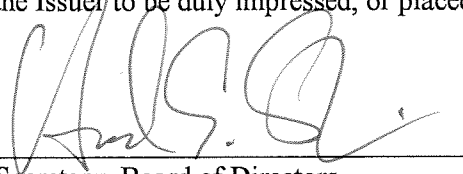
THE ISSUER also has reserved the right to amend the Bond Resolution with the approval of the registered owners of a majority in principal amount of all outstanding bonds secured by and payable from a first lien on and pledge of the "Pledged Revenues".

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

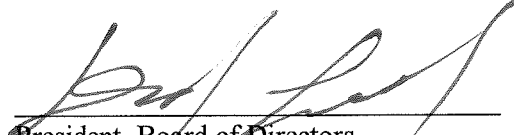
BY BECOMING the registered owner of this Bond, the registered owner thereby acknowledges all of the terms and provisions of the Bond Resolution, agrees to be bound by such terms and provisions, acknowledges that the Bond Resolution is duly recorded and available for inspection in the official minutes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

Execution page follows

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



Secretary, Board of Directors
Trinity River Authority of Texas



President, Board of Directors
Trinity River Authority of Texas

(SEAL)



PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

It is hereby certified that this Bond has been issued under the provisions of the Bond Resolution described in the text of this Bond; and that this Bond has been issued in conversion or replacement of, or in exchange for, the Bond described therein.

Dated

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION
Paying Agent/Registrar

By _____
Authorized Representative

ASSIGNMENT

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

Please insert Social Security or Taxpayer
Identification Number of Transferee

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

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

Dated: _____

Signature Guaranteed:

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

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

88479⁶¹

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO. _____

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

Witness my signature and seal this _____

FEB 01 2017


Comptroller of Public Accounts of the State of Texas

(COMPTROLLER'S SEAL)

February 1, 2017

**TRINITY RIVER AUTHORITY OF TEXAS
NORTHEAST LAKEVIEW WASTEWATER TRANSPORTATION PROJECT
REVENUE REFUNDING BOND, SERIES 2017**

IN THE AGGREGATE PRINCIPAL AMOUNT OF \$10,005,000

AS BOND COUNSEL FOR THE TRINITY RIVER AUTHORITY OF TEXAS (the "Issuer") of the Bond described above (the "Bond"), we have examined into the legality and validity of the Bond, which is payable, bears interest and is subject to further provisions, all in accordance with the terms and conditions stated in the text of the Bond and the resolution of the Issuer authorizing the issuance of the Bond, including the Pricing Certificate of the General Manager authorized thereby (collectively, the "Resolution").

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

BASED ON SAID EXAMINATION, IT IS OUR OPINION that said Bond has been authorized, issued and duly delivered in accordance with law; and that except as may be limited by laws applicable to the Issuer relating to federal bankruptcy laws and any other similar laws affecting the rights of creditors of political subdivisions generally, which rights may be limited by general principles of equity which permit the exercise of judicial discretion, (i) the covenants and agreements in the Resolution constitute valid and binding obligations of the Issuer, and the Bond constitutes a valid and legally binding special obligation of the Issuer, which, together with other parity 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 the "Trinity River Authority of Texas–Northeast Lakeview Wastewater Transportation System Contract" dated as of July 1, 2005, as amended, among the Issuer and the Cities of Cedar Hill and Grand Prairie, Texas., and (ii) said Northeast Lakeview Wastewater Transportation System Contract is authorized by law, has been duly executed, is valid, and is legally binding upon and enforceable by the parties thereto in accordance with its 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 payable from and secured by a first lien on and pledge of, the aforesaid Pledged Revenues.

THE ISSUER also has reserved the right to amend the Bond Resolution with the approval of the owners of a majority of the principal amount of all outstanding bonds payable from and



secured by a first lien on and pledge of the aforesaid Pledged Revenues, subject to the restrictions stated in the Bond Resolution.

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

IT IS FURTHER OUR OPINION, except as discussed below, that the interest on the Bond is excludable from the gross income of the owners 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 Bond is not a "specified private activity bond" and that, accordingly, interest on the Bond will not be included as an individual or corporate alternative minimum tax preference item under Section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). In expressing the aforementioned opinions, we have relied on, and assume compliance by the Issuer with, certain covenants regarding the use and investment of the proceeds of the Bond and the use of the property financed therewith and the escrow sufficiency certificate of Hilltop Securities, Inc. 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 Bond may become includable in gross income retroactively to the date of issuance of the Bond.

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

WE CALL YOUR ATTENTION TO THE FACT that the interest on tax-exempt obligations, such as the Bond is included in a corporation's alternative minimum taxable income for purposes of determining the alternative minimum tax imposed on corporations by Section 55 of the Code.

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

OUR SOLE ENGAGEMENT in connection with the issuance of the Bond is as Bond Counsel for the Issuer, and, in that capacity, we have been engaged by the Issuer for the sole purpose of rendering an opinion with respect to the legality and validity of the Bond under the Constitution and laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Bond for federal income tax purposes, and for no other reason or purpose. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result. We have not been requested to investigate or verify, and have not investigated or verified, any records, data, or other material relating to the financial condition or capabilities of the Issuer or the Contracting Cities, or the adequacy of the Pledged Revenues, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Bond and have relied solely on certificates executed by officials of the Issuer as to the current outstanding indebtedness of, and sufficiency of the Pledged Revenues. Our role in connection with the Issuer's offering document prepared for use in connection with the sale of the Bond 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 Bond. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the Issuer as the taxpayer. We observe that the Issuer has covenanted not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Bond as includable in gross income for federal income tax purposes.

Respectfully,

McCall, Parkhurst & Horton L.L.P.

MCCALL

PARKHURST & HORTON

February 1, 2017

President and Secretary of the Board of Directors
Trinity River Authority of Texas
5300 S. Collins
Arlington, Texas 76010

Re: Trinity River Authority of Texas Northeast Lakeview Wastewater Transportation
Project Revenue Refunding Bonds, Series 2017

Ladies and Gentlemen:

This opinion from us, as legal counsel to Trinity River Authority of Texas, is given in connection with the Trinity River Authority of Texas Northeast Lakeview Wastewater Transportation Project Revenue Refunding Bond, Series 2017, authorized by resolution No. R-1467 (the "Bond Resolution"), adopted by the Board of Directors of Trinity River Authority of Texas (the "Authority") on August 24, 2016.

It is our opinion that the Contract, as defined in the Bond Resolution, is now in effect pursuant to which the Contracting Parties, as defined in the Contract and in the Bond Resolution, are obligated to make payments to the Authority during each fiscal year (including during periods when service of the System, as defined in the Contract and in the Bond Resolution, may not be available to such Contracting Parties) in such amounts as shall be necessary to provide to the Authority Pledged Revenues, as defined in the Bond Resolution, sufficient to pay when due all principal of and interest on the Bonds.

Respectfully submitted,

MCCALL, PARKHURST & HORTON L.L.P.

By *McCall, Parkhurst & Horton L.L.P.*

Jeff Gulbas

THE BOND HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS AND IS BEING OFFERED AND SOLD IN THE UNITED STATES ONLY TO INSTITUTIONAL INVESTORS THAT ARE "ACCREDITED INVESTORS" WITHIN THE MEANING OF RULE 501 UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR TO QUALIFIED INSTITUTIONAL BUYERS ("QIBS") IN RELIANCE ON RULE 144A UNDER THE SECURITIES ACT. A PROSPECTIVE PURCHASER THAT IS A QIB IS HEREBY NOTIFIED THAT THE SELLER OF THE BOND MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A. THE BOND IS NOT TRANSFERABLE EXCEPT IN ACCORDANCE WITH THE RESTRICTIONS DESCRIBED HEREIN AND IN THE PURCHASE AGREEMENT.

NO. R-1

UNITED
STATES OF
AMERICA

PRINCIPAL

STATE OF TEXAS
TRINITY RIVER AUTHORITY OF TEXAS

AMOUNT
\$10,005,000

NORTHEAST LAKEVIEW WASTEWATER TRANSPORTATION PROJECT
REVENUE REFUNDING BONDS, SERIES 2017

<u>INTEREST RATE</u>	<u>DATE OF DELIVERY</u>	<u>MATURITY DATE</u>	<u>CUSIP</u>
2.060%	February 1, 2017	February 1, 2027	N/A

REGISTERED OWNER: JPMORGAN CHASE BANK, N.A.

PRINCIPAL AMOUNT: TEN MILLION FIVE THOUSAND DOLLARS

ON THE MATURITY DATE specified above, the TRINITY RIVER AUTHORITY OF TEXAS (the "Issuer"), being a governmental agency, and body corporate and politic of the State of Texas, hereby promises to pay to the Registered Owner set forth above, or registered assigns (hereinafter called the "registered owner") the principal amount set forth above, and to pay interest thereon from the Date of Delivery as set forth above, on August 1, 2017 and semiannually thereafter on each February 1 and August 1 to the maturity date specified above, at the interest rate per annum specified above, calculated on the basis of a 360-day year composed of twelve 30-day months; except that if this Bond is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such principal amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Bond for which this Bond is being exchanged or converted from is due but has not been paid, then this Bond shall bear interest from the date to which such interest has been paid in full.

THE OUTSTANDING PRINCIPAL AMOUNT of this Bond shall bear interest at the rate indicated above unless:

- (a) the Issuer defaults in the payment of the principal of or interest on this Bond when due ("Event of Default"), in which case any principal of and interest on this Bond shall bear interest at the Default Interest Rate per annum; or
- (b) a Determination of Taxability shall have occurred, in which case this Bond shall bear interest at the rate of 2.848% per annum from the Date of Taxability, calculated on the basis of a 360-day year consisting of twelve 30-day months.

"Date of Taxability" means the earliest date as of which interest on this Bond shall have been determined to be includable in the gross income of the Registered Owner pursuant to a Determination of Taxability.

"Default Interest Rate" means the Base Rate plus 4.000%. "Base Rate" means the higher of (i) the Prime Rate of JPMorgan Chase Bank, N.A. and (ii) 2.5% plus the One Month Adjusted LIBOR Rate. "One Month Adjusted Libor Rate" means such rate established by the London Interbank Offered Rate as published by Reuters (or other commercially available source providing quotations of such rate) as determined at approximately 11:00 a.m. London time two (2) London Banking Days prior to the date in question. In any case, the Default Interest Rate may not exceed the maximum interest rate allowed by Texas law. Upon an Event of Default, the outstanding principal amount of the Bond would be accelerated and due and payable within 30 days of such Event of Default.

"Determination of Taxability" or "Determination" means and shall be deemed to have occurred on the first to occur of the following:

- (i) on that date when the Issuer files any statement, supplemental statement or other tax schedule, return or document which discloses that an Event of Taxability, as hereinafter defined, shall have in fact occurred;

- (ii) on the date when the Registered Owner notifies the Issuer that it has received a written opinion by an attorney or firm of attorneys of recognized standing on the subject of municipal bonds to the effect that an Event of Taxability shall have occurred unless, within 180 days after receipt by the Issuer of such notification from the Registered Owner, the Issuer shall deliver to the Registered Owner a ruling or determination letter issued to or on behalf of the Issuer by the Commissioner or any District Director of Internal Revenue (or any other governmental official exercising the same or a substantially similar function from time to time) to the effect that, after taking into consideration such facts as form the basis for the opinion that an Event of Taxability has occurred, an Event of Taxability shall not have occurred;

- (iii) on the date when the Issuer shall be advised in writing by the Commissioner or any District Director of Internal Revenue (or any other government official or agent exercising the same or a substantially similar function from time to time) that, based upon filings of the Issuer, or upon any review or audit of the Issuer or upon any other ground whatsoever, an Event of Taxability shall have occurred;

(iv) on that date when the Issuer shall receive notice from the Registered Owner that the Internal Revenue Service (or any other government official or agency exercising the same or a substantially similar function from time to time) has assessed as includable in the gross income of the Registered Owner the interest on this Bond due to the occurrence of an Event of Taxability; provided, however, no Determination of Taxability shall occur under subparagraph (iii) or (iv) above unless the Issuer has been afforded the opportunity, at its expense, to contest any such assessment, and, further, no Determination of Taxability shall occur until such contest, if made, has been finally determined; provided further, however, that upon demand from the Registered Owner, the Issuer shall immediately reimburse the Registered Owner for any payments the Registered Owner shall be obligated to make as a result of the Determination of Taxability during any such contest.

"Event of Taxability" means a change in law or fact or the interpretation thereof, or the occurrence or existence of any fact, event or circumstance (including, without limitation, the taking of any action by the Issuer, or the failure to take any action by the Issuer, or the making by the Issuer of any misrepresentation herein or in any certificate required to be given in connection with the issuance, sale or delivery of this Bond), which has the effect of causing interest paid or payable on this Bond to become includable, in the gross income of the Registered Owner for federal income tax purposes.

THE PRINCIPAL OF AND INTEREST ON this Bond are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Bond shall be paid to the registered owner hereof upon presentation and surrender of this Bond at maturity, at the principal corporate trust office of JPMorgan Chase Bank, National Association, Fort Worth Texas, which is the "Paying Agent/Registrar" for this Bond. The payment of interest on this Bond shall be made by the Paying Agent/Registrar to the registered owner hereof on each interest payment date by check or draft, dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the Issuer required by the Resolution authorizing the issuance of this Bond (the "Bond Resolution") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check or draft shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the registered owner hereof, at its address as it appeared on the fifteenth calendar day of the month next preceding each such date (the "Record Date") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. In addition, interest may be paid by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Issuer. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each owner of a Bond appearing on the Registration Books at the close of business on the last business day next preceding the date of mailing of such notice.

ANY ACCRUED INTEREST due at maturity of this Bond shall be paid to the registered owner upon presentation and surrender of this Bond for redemption and payment at the principal corporate trust office of the Paying Agent/Registrar. The Issuer covenants with the registered owner of this Bond that on or before each principal payment date, interest payment date, and accrued interest payment date for this

Bond it will make available to the Paying Agent/Registrar, from the "Interest and Redemption Fund" created by the Bond Resolution, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Bonds, when due.

IF THE DATE for the payment of the principal of or interest on this Bond shall be a Saturday, Sunday, a legal holiday, or a day on which banking institutions in the city where the principal corporate trust office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day on which banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

THIS BOND is dated February 1, 2017 and has been authorized in accordance with the Constitution and laws of the State of Texas in the principal amount of \$10,005,000, IN ORDER TO OBTAIN FUNDS TO PAY THE COSTS OF REFUNDING CERTAIN MATURITIES OF THE ISSUER'S OUTSTANDING TRINITY RIVER AUTHORITY OF TEXAS NORTHEAST LAKEVIEW WASTEWATER TRANSPORTATION PROJECT REVENUE BONDS, SERIES 2007.

THIS BOND is not subject to optional redemption prior to their maturities at the option of the Issuer.

THIS BOND is subject to scheduled mandatory redemption by the Paying Agent/Registrar, at a price equal to the principal amount thereof, plus accrued interest to the redemption date, out of moneys available for such purpose in the interest and redemption fund for the Bond, on February 1 of each year and in the respective principal amounts, set forth in the following schedule:

<u>Year</u>	<u>Principal Amount</u>
2018	\$895,000
2019	\$915,000
2020	\$935,000
2021	\$955,000
2022	\$970,000
2023	\$995,000
2024	\$1,015,000
2025	\$1,035,000
2026	\$1,060,000
2027*	\$1,230,000

* Final Maturity

THIS BOND is issuable solely as a fully registered Bond, without interest coupons. As provided in the Bond Resolution, this Bond may, at the request of the registered owner or the assignee hereof, be assigned, transferred, converted into and exchanged for a like aggregate principal amount of a fully registered Bond, without interest coupons, payable to the appropriate registered owner or assignee, as the case may be, having the same denomination, upon surrender of this Bond to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Bond Resolution. Among other requirements for such assignment and transfer, this Bond must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Bond to the assignee in whose name this Bond is to be registered. The form of Assignment printed or endorsed on this Bond may be

executed by the registered owner to evidence the assignment hereof, but such method is not exclusive, and other instruments of assignment satisfactory to the Paying Agent/Registrar may be used to evidence the assignment of this Bond from time to time by the registered owner. The Paying Agent/Registrar's reasonable standard or customary fees and charges for assigning, transferring, converting and exchanging this Bond will be paid by the Issuer. In any circumstance, any taxes or governmental charges required to be paid with respect thereto shall be paid by the one requesting such assignment, transfer, conversion or exchange, as a condition precedent to the exercise of such privilege. The Paying Agent/Registrar shall not be required to make any such transfer, conversion, or exchange 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.

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

IT IS HEREBY certified, recited, and covenanted that this Bond has been duly and validly authorized, issued, sold, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this Bond have been performed, existed, and been done in accordance with law; that this Bond is a special obligation of the Issuer which, together with other bonds, is 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 the "Trinity River Authority of Texas - Northeast Lakeview Wastewater Transportation System Contract" dated as of July 1, 2005, as amended, among the Issuer and the Cities of Cedar Hill and Grand Prairie, Texas.

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

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

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

Execution page follows

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

Secretary, Board of Directors
Trinity River Authority of Texas

President, Board of Directors,
Trinity River Authority of Texas

(SEAL)

SPECIMEN BOND

PAYING AGENT/REGISTRAR'S

AUTHENTICATION CERTIFICATE

It is hereby certified that this Bond has been issued under the provisions of the Bond Resolution described in the text of this Bond; and that this Bond has been issued in conversion or replacement of, or in exchange for, the Bond described therein.

Dated

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION
Paying Agent/Registrar

By _____
Authorized Representative

SPECIMEN BOND

ASSIGNMENT

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

Please insert Social Security or Taxpayer
Identification Number of Transferee

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

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

Dated: _____

Signature Guaranteed:

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

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

TABLE OF CONTENTS

**Northeast Lakeview Wastewater Transportation Project
Revenue Refunding Bonds, Series 2017
JPM Non-callable Interest rate of 2.06% as of 10/27/2016
Forward Delivery on 2/1/2017
Final Numbers**

Report	Page
Sources and Uses of Funds	1
Bond Summary Statistics	2
Bond Pricing	3
Bond Debt Service	4
Summary of Refunding Results	6
Savings	7
Escrow Requirements	8
Escrow Cost	9
Cost of Issuance	10
Form 8038 Statistics	11
Proof of Arbitrage Yield	13

SOURCES AND USES OF FUNDS

Northeast Lakeview Wastewater Transportation Project
Revenue Refunding Bonds, Series 2017
JPM Non-callable Interest rate of 2.06% as of 10/27/2016
Forward Delivery on 2/1/2017
Final Numbers

Dated Date 02/01/2017
Delivery Date 02/01/2017

Sources:

Bond Proceeds:	
Par Amount	10,005,000.00
Other Sources of Funds:	
Transfer from DSRF	235,427.06
	<hr/>
	10,240,427.06

Uses:

Refunding Escrow Deposits:	
Cash Deposit	10,099,856.25
Delivery Date Expenses:	
Cost of Issuance	138,727.50
Other Uses of Funds:	
Additional Proceeds	1,843.31
	<hr/>
	10,240,427.06

BOND SUMMARY STATISTICS

**Northeast Lakeview Wastewater Transportation Project
Revenue Refunding Bonds, Series 2017
JPM Non-callable Interest rate of 2.06% as of 10/27/2016
Forward Delivery on 2/1/2017
Final Numbers**

Dated Date	02/01/2017
Delivery Date	02/01/2017
First Coupon	08/01/2017
Last Maturity	02/01/2027
Arbitrage Yield	2.060000%
True Interest Cost (TIC)	2.060000%
Net Interest Cost (NIC)	2.060000%
All-In TIC	2.323750%
Average Coupon	2.060000%
Average Life (years)	5.737
Weighted Average Maturity (years)	5.737
Duration of Issue (years)	5.363
Par Amount	10,005,000.00
Bond Proceeds	10,005,000.00
Total Interest	1,182,337.00
Net Interest	1,182,337.00
Bond Years from Dated Date	57,395,000.00
Bond Years from Delivery Date	57,395,000.00
Total Debt Service	11,187,337.00
Maximum Annual Debt Service	1,242,669.00
Average Annual Debt Service	1,118,733.70
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	
Total Underwriter's Discount	
Bid Price	100.000000

Bond Component	Par Value	Price	Average Coupon	Average Life	Average Maturity Date	Duration	PV of 1 bp change
Serial Bond	10,005,000.00	100.000	2.060%	5.737	10/28/2022	5.363	5,350.70
	10,005,000.00			5.737			5,350.70

	TIC	All-In TIC	Arbitrage Yield
Par Value	10,005,000.00	10,005,000.00	10,005,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount			
- Cost of Issuance Expense		-138,727.50	
- Other Amounts			
Target Value	10,005,000.00	9,866,272.50	10,005,000.00
Target Date	02/01/2017	02/01/2017	02/01/2017
Yield	2.060000%	2.323750%	2.060000%

BOND PRICING

**Northeast Lakeview Wastewater Transportation Project
Revenue Refunding Bonds, Series 2017
JPM Non-callable Interest rate of 2.06% as of 10/27/2016
Forward Delivery on 2/1/2017
Final Numbers**

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Serial Bond:					
	02/01/2018	895,000	2.060%	2.060%	100.000
	02/01/2019	915,000	2.060%	2.060%	100.000
	02/01/2020	935,000	2.060%	2.060%	100.000
	02/01/2021	955,000	2.060%	2.060%	100.000
	02/01/2022	970,000	2.060%	2.060%	100.000
	02/01/2023	995,000	2.060%	2.060%	100.000
	02/01/2024	1,015,000	2.060%	2.060%	100.000
	02/01/2025	1,035,000	2.060%	2.060%	100.000
	02/01/2026	1,060,000	2.060%	2.060%	100.000
	02/01/2027	1,230,000	2.060%	2.060%	100.000
		10,005,000			

Dated Date	02/01/2017	
Delivery Date	02/01/2017	
First Coupon	08/01/2017	
Par Amount	10,005,000.00	
Original Issue Discount		
Production	10,005,000.00	100.000000%
Underwriter's Discount		
Purchase Price	10,005,000.00	100.000000%
Accrued Interest		
Net Proceeds	10,005,000.00	

BOND DEBT SERVICE

**Northeast Lakeview Wastewater Transportation Project
Revenue Refunding Bonds, Series 2017
JPM Non-callable Interest rate of 2.06% as of 10/27/2016
Forward Delivery on 2/1/2017
Final Numbers**

Period Ending	Principal	Interest	Debt Service
11/30/2017		103,051.50	103,051.50
11/30/2018	895,000	196,884.50	1,091,884.50
11/30/2019	915,000	178,241.50	1,093,241.50
11/30/2020	935,000	159,186.50	1,094,186.50
11/30/2021	955,000	139,719.50	1,094,719.50
11/30/2022	970,000	119,892.00	1,089,892.00
11/30/2023	995,000	99,652.50	1,094,652.50
11/30/2024	1,015,000	78,949.50	1,093,949.50
11/30/2025	1,035,000	57,834.50	1,092,834.50
11/30/2026	1,060,000	36,256.00	1,096,256.00
11/30/2027	1,230,000	12,669.00	1,242,669.00
	10,005,000	1,182,337.00	11,187,337.00

BOND DEBT SERVICE

**Northeast Lakeview Wastewater Transportation Project
Revenue Refunding Bonds, Series 2017
JPM Non-callable Interest rate of 2.06% as of 10/27/2016
Forward Delivery on 2/1/2017
Final Numbers**

Period Ending	Principal	Interest	Debt Service
08/01/2017		103,051.50	103,051.50
02/01/2018	895,000	103,051.50	998,051.50
08/01/2018		93,833.00	93,833.00
02/01/2019	915,000	93,833.00	1,008,833.00
08/01/2019		84,408.50	84,408.50
02/01/2020	935,000	84,408.50	1,019,408.50
08/01/2020		74,778.00	74,778.00
02/01/2021	955,000	74,778.00	1,029,778.00
08/01/2021		64,941.50	64,941.50
02/01/2022	970,000	64,941.50	1,034,941.50
08/01/2022		54,950.50	54,950.50
02/01/2023	995,000	54,950.50	1,049,950.50
08/01/2023		44,702.00	44,702.00
02/01/2024	1,015,000	44,702.00	1,059,702.00
08/01/2024		34,247.50	34,247.50
02/01/2025	1,035,000	34,247.50	1,069,247.50
08/01/2025		23,587.00	23,587.00
02/01/2026	1,060,000	23,587.00	1,083,587.00
08/01/2026		12,669.00	12,669.00
02/01/2027	1,230,000	12,669.00	1,242,669.00
	10,005,000	1,182,337.00	11,187,337.00

SUMMARY OF REFUNDING RESULTS

**Northeast Lakeview Wastewater Transportation Project
Revenue Refunding Bonds, Series 2017
JPM Non-callable Interest rate of 2.06% as of 10/27/2016
Forward Delivery on 2/1/2017
Final Numbers**

Dated Date	02/01/2017
Delivery Date	02/01/2017
Arbitrage yield	2.060000%
Escrow yield	0.000000%
Value of Negative Arbitrage	
Bond Par Amount	10,005,000.00
True Interest Cost	2.060000%
Net Interest Cost	2.060000%
All-In TIC	2.323750%
Average Coupon	2.060000%
Average Life	5.737
Weighted Average Maturity	5.737
Par amount of refunded bonds	9,890,000.00
Average coupon of refunded bonds	4.309866%
Average life of refunded bonds	5.915
Remaining weighted average maturity of refunded bonds	5.909
PV of prior debt to 02/01/2017 @ 2.323750%	11,161,636.34
Net PV Savings	1,061,780.09
Percentage savings of refunded bonds	10.735896%
Percentage savings of refunding bonds	10.612495%

SAVINGS

**Northeast Lakeview Wastewater Transportation Project
Revenue Refunding Bonds, Series 2017
JPM Non-callable Interest rate of 2.06% as of 10/27/2016
Forward Delivery on 2/1/2017
Final Numbers**

Date	Prior Debt Service	Refunding Debt Service	Savings	Present Value to 02/01/2017 @ 2.3237502%
11/30/2017	419,712.50	103,051.50	316,661.00	315,434.31
11/30/2018	1,203,712.50	1,091,884.50	111,828.00	108,151.43
11/30/2019	1,206,012.50	1,093,241.50	112,771.00	106,661.60
11/30/2020	1,206,368.75	1,094,186.50	112,182.25	103,765.35
11/30/2021	1,204,759.38	1,094,719.50	110,039.88	99,534.68
11/30/2022	1,201,118.76	1,089,892.00	111,226.76	98,420.99
11/30/2023	1,205,212.51	1,094,652.50	110,560.01	95,699.56
11/30/2024	1,206,750.01	1,093,949.50	112,800.51	95,537.83
11/30/2025	1,205,703.13	1,092,834.50	112,868.63	93,535.23
11/30/2026	1,207,578.13	1,096,256.00	111,322.13	90,270.57
11/30/2027	1,353,984.38	1,242,669.00	111,315.38	88,352.28
	12,620,912.55	11,187,337.00	1,433,575.55	1,295,363.84

Savings Summary

PV of savings from cash flow	1,295,363.84
Less: Prior funds on hand	-235,427.06
Plus: Refunding funds on hand	1,843.31
Net PV Savings	1,061,780.09

ESCROW REQUIREMENTS

**Northeast Lakeview Wastewater Transportation Project
Revenue Refunding Bonds, Series 2017
JPM Non-callable Interest rate of 2.06% as of 10/27/2016
Forward Delivery on 2/1/2017
Final Numbers**

Period Ending	Interest	Principal Redeemed	Total
02/01/2017	209,856.25	9,890,000.00	10,099,856.25
	209,856.25	9,890,000.00	10,099,856.25

ESCROW COST

**Northeast Lakeview Wastewater Transportation Project
Revenue Refunding Bonds, Series 2017
JPM Non-callable Interest rate of 2.06% as of 10/27/2016
Forward Delivery on 2/1/2017
Final Numbers**

Purchase Date	Cost of Securities	Cash Deposit	Total Escrow Cost
02/01/2017		10,099,856.25	10,099,856.25
	0	10,099,856.25	10,099,856.25

COST OF ISSUANCE

**Northeast Lakeview Wastewater Transportation Project
Revenue Refunding Bonds, Series 2017
JPM Non-callable Interest rate of 2.06% as of 10/27/2016
Forward Delivery on 2/1/2017
Final Numbers**

Cost of Issuance	\$/1000	Amount
Financial Advisor Fee	4.64918	46,515.00
Financial Advisor Expenses	0.01000	100.00
Bond Counsel Fee	6.49800	65,012.50
Bond Counsel Expenses	0.19990	2,000.00
Attorney General Fee	0.94953	9,500.00
Redemption Fees	0.05997	600.00
Bank Fee	0.99950	10,000.00
Bank Placement fee	0.49975	5,000.00
	13.86582	138,727.50

FORM 8038 STATISTICS

Northeast Lakeview Wastewater Transportation Project
Revenue Refunding Bonds, Series 2017
JPM Non-callable Interest rate of 2.06% as of 10/27/2016
Forward Delivery on 2/1/2017
Final Numbers

Dated Date 02/01/2017
Delivery Date 02/01/2017

Bond Component	Date	Principal	Coupon	Price	Issue Price	Redemption at Maturity
Serial Bond:						
	02/01/2018	895,000.00	2.060%	100.000	895,000.00	895,000.00
	02/01/2019	915,000.00	2.060%	100.000	915,000.00	915,000.00
	02/01/2020	935,000.00	2.060%	100.000	935,000.00	935,000.00
	02/01/2021	955,000.00	2.060%	100.000	955,000.00	955,000.00
	02/01/2022	970,000.00	2.060%	100.000	970,000.00	970,000.00
	02/01/2023	995,000.00	2.060%	100.000	995,000.00	995,000.00
	02/01/2024	1,015,000.00	2.060%	100.000	1,015,000.00	1,015,000.00
	02/01/2025	1,035,000.00	2.060%	100.000	1,035,000.00	1,035,000.00
	02/01/2026	1,060,000.00	2.060%	100.000	1,060,000.00	1,060,000.00
	02/01/2027	1,230,000.00	2.060%	100.000	1,230,000.00	1,230,000.00
		10,005,000.00			10,005,000.00	10,005,000.00

	Maturity Date	Interest Rate	Issue Price	Stated Redemption at Maturity	Weighted Average Maturity	Yield
Final Maturity	02/01/2027	2.060%	1,230,000.00	1,230,000.00		
Entire Issue			10,005,000.00	10,005,000.00	5.7366	2.0600%

Proceeds used for accrued interest	0.00
Proceeds used for bond issuance costs (including underwriters' discount)	138,727.50
Proceeds used for credit enhancement	0.00
Proceeds allocated to reasonably required reserve or replacement fund	0.00
Proceeds used to currently refund prior issues	9,864,429.19
Proceeds used to advance refund prior issues	0.00
Remaining weighted average maturity of the bonds to be currently refunded	5.9089
Remaining weighted average maturity of the bonds to be advance refunded	0.0000

FORM 8038 STATISTICS

Northeast Lakeview Wastewater Transportation Project
Revenue Refunding Bonds, Series 2017
JPM Non-callable Interest rate of 2.06% as of 10/27/2016
Forward Delivery on 2/1/2017
Final Numbers

Refunded Bonds

Bond Component	Date	Principal	Coupon	Price	Issue Price
\$15,230,000 Northeast Lakeview Wastewater Transportation Project Revenue Bonds, Serres 2007:					
SERIAL	02/01/2018	800,000.00	4.000%	99.736	797,888.00
SERIAL	02/01/2019	835,000.00	4.000%	98.708	824,211.80
SERIAL	02/01/2020	870,000.00	4.125%	99.068	861,891.60
SERIAL	02/01/2021	905,000.00	4.125%	98.198	888,691.90
TERM	02/01/2022	940,000.00	4.250%	98.307	924,085.80
TERM	02/01/2023	985,000.00	4.250%	98.307	968,323.95
TERM02	02/01/2024	1,030,000.00	4.375%	99.082	1,020,544.60
TERM02	02/01/2025	1,075,000.00	4.375%	99.082	1,065,131.50
TERM03	02/01/2026	1,125,000.00	4.375%	98.373	1,106,696.25
TERM03	02/01/2027	1,325,000.00	4.375%	98.373	1,303,442.25
9,890,000.00					9,760,907.65

	Last Call Date	Issue Date	Remaining Weighted Average Maturity
\$15,230,000 Northeast Lakeview Wastewater Transportation Project Revenue Bonds, Serres 2007	02/01/2017	05/23/2007	5.9089
All Refunded Issues	02/01/2017		5.9089

PROOF OF ARBITRAGE YIELD

**Northeast Lakeview Wastewater Transportation Project
Revenue Refunding Bonds, Series 2017
JPM Non-callable Interest rate of 2.06% as of 10/27/2016
Forward Delivery on 2/1/2017
Final Numbers**

Date	Debt Service	Present Value to 02/01/2017 @ 2.0600000000%
08/01/2017	103,051.50	102,000.89
02/01/2018	998,051.50	977,804.98
08/01/2018	93,833.00	90,992.28
02/01/2019	1,008,833.00	968,317.69
08/01/2019	84,408.50	80,192.62
02/01/2020	1,019,408.50	958,619.22
08/01/2020	74,778.00	69,601.94
02/01/2021	1,029,778.00	948,725.96
08/01/2021	64,941.50	59,220.10
02/01/2022	1,034,941.50	934,140.65
08/01/2022	54,950.50	49,092.80
02/01/2023	1,049,950.50	928,462.97
08/01/2023	44,702.00	39,126.62
02/01/2024	1,059,702.00	918,076.38
08/01/2024	34,247.50	29,367.95
02/01/2025	1,069,247.50	907,554.25
08/01/2025	23,587.00	19,816.03
02/01/2026	1,083,587.00	901,067.72
08/01/2026	12,669.00	10,427.63
02/01/2027	1,242,669.00	1,012,391.30
	11,187,337.00	10,005,000.00

Proceeds Summary

Delivery date	02/01/2017
Par Value	10,005,000.00
Target for yield calculation	10,005,000.00