

RESOLUTION NO. R-1427

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

THE STATE OF TEXAS :
TRINITY RIVER AUTHORITY OF TEXAS :

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

1. The Board of Directors of said Authority convened in REGULAR MEETING ON THE 24TH DAY OF JUNE, 2015, at the designated meeting place, and the roll was called of the duly constituted officers and members of said Board, to-wit:

Kim C. Wyatt, President	Martha A. Hernandez
Jess A. Laird, Vice President	John W. Jenkins
Howard S. Slobodin, Secretary	David B. Leonard
Harold L. Barnard	Kevin Maxwell
Henry Borbolla III	Dennis "Joe" McCleskey
William W. Collins, Jr.	James W. Neale
Christina Melton Crain	Manny Rachal
Michael Cronin	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

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

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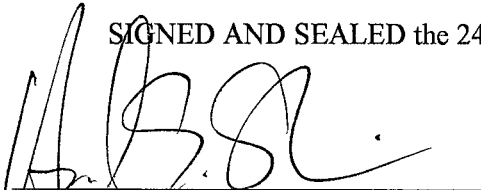
was duly introduced for the consideration of said Board and duly read. It was then duly moved and seconded that said Resolution be adopted; and, after due discussion, said motion, carrying with it the adoption of said resolution, prevailed and carried with all members present voting "AYE" except the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

NAY: None.

ABSTAIN: None.

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

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



Secretary, Board of Directors,
Trinity River Authority of Texas

(AUTHORITY SEAL)

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AUTHORITY OF TEXAS TEN MILE CREEK SYSTEM REVENUE BONDS AND APPROVING
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THE STATE OF TEXAS :
TRINITY RIVER AUTHORITY OF TEXAS :

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

WHEREAS, the Initial Contract 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, pursuant to the Initial Contract and appropriate bond resolutions, as hereinafter defined, the Issuer previously issued its Series 1983 Bonds pursuant to the Series 1983 Bond Resolution, and its Series 1996A Bonds, Series 1996B Bonds, Series 2000 Bonds, Series 2003 Refunding Bonds, Series 2003A Bonds, all of which bonds are no longer outstanding, and its presently outstanding, Series 2006 Bonds, Series 2007 Bonds, Series 2010 Bonds, Series 2010 Refunding Bonds, Series 2011 Bonds, Series 2012 Refunding Bonds and Series 2013 Bonds, all as hereinafter defined; and

WHEREAS, the Initial Contract and the Series 1983 Bond Resolution provide that Additional Bonds, hereinafter defined, may be issued by the Issuer to be on a parity with the above described bonds which are presently unpaid, unrefunded, and outstanding; and

WHEREAS, the Authority has determined to issue and sell the hereinafter authorized Additional Bonds to obtain funds (i) to acquire and construct improvements to the System, hereinafter defined and (ii) to refund Series 2006 Bonds (hereby defined as and hereinafter called the "Refunded Bonds"); and

WHEREAS, the bonds authorized to be issued by this Resolution (the "Bonds") shall be issued and delivered pursuant to Chapter 518, Acts of the 54th Legislature of the State of Texas, Regular Session, 1955, as amended (the "Authority Act" creating the Issuer), Chapters 1207 and 1371, Texas Government Code, as amended, and other applicable laws.

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

Section 1. RECITALS, AMOUNT AND PURPOSE OF THE BONDS. The Board of Directors hereby incorporates the recitals set forth in the preamble hereto as if set forth in full at this place and further finds and determines that said recitals are true and correct. In order to obtain funds (i) to pay the costs of the acquisition and construction of improvements and extensions to the Trinity River Authority of Texas Ten Mile Creek Regional Wastewater Treatment System in Dallas and Ellis Counties, Texas and (ii) 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 \$25,500,000.

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 TEN MILE CREEK SYSTEM REVENUE [IMPROVEMENT AND/OR REFUNDING] BOND, SERIES ____" subject to paragraph (b) of this section.

(b) As authorized by Chapter 1371, Texas Government Code, as amended, the General Manager of the Issuer is hereby designated as the "Authorized Officer" of the Issuer, and is hereby authorized, appointed, and designated as the officer or employee of the Issuer authorized to act on behalf of the Issuer in the selling and delivering of the Bonds and carrying out the other procedures specified in this Resolution, including the use of a book-entry-only system with respect to the Bonds and the execution of an appropriate letter of representations if deemed appropriate, the determining and fixing of the date of the Bonds, any additional or different designation or title by which the Bonds shall be known, the price at which the Bonds will be sold, the aggregate principal amount of the Bonds and the amount of each maturity of principal thereof, the due date of each such maturity (not exceeding forty years from the date of the Bonds), the rate of interest to be borne by each such maturity, the interest payment dates and periods, the dates, price and terms upon and at which the Bonds shall be subject to redemption prior to due date or maturity at the option of the Issuer, any mandatory sinking fund redemption provisions, procuring municipal bond insurance, and approving modifications to this Resolution and executing such instruments, documents and agreements as may be necessary with respect thereto, if it is determined that such insurance would be financially desirable and advantageous, and all other matters relating to the issuance, sale and delivery of the Bonds. The Authorized Officer, acting for and on behalf of the Issuer, is authorized to arrange for the Bonds to be sold at a private placement, negotiated or competitive sale, at such price, in the aggregate principal amount not exceeding the maximum amount set forth in Section 1 hereof, with such maturities of principal, with such interest rates, and with such optional and mandatory sinking fund redemption provisions, if any, and other matters, as shall be set forth in a certification by the Authorized Officer. The Bonds shall not be sold at a price less than 95% of the initial aggregate principal amount thereof plus accrued interest thereon from their date to their delivery, and no Bond shall bear interest at a rate greater than 10% per annum. The Authorized Officer shall determine if the provisions of Rule 15c2-12 of the United States Securities and Exchange Commission relating to continuing disclosure of information shall be required to be complied with and, if required, what disclosure will be required to be complied with by the Issuer. It is further provided, however, that, notwithstanding the foregoing provisions, the Bonds shall not be delivered unless, prior to their delivery, the Bonds have been rated by a nationally recognized rating agency for municipal long term obligations, as required by said Chapter 1371, Texas Government Code, as amended.

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

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

Authorized Officer. The Authorized Officer shall cause to be prepared an official statement in such manner as the Authorized Officer deems appropriate.

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

(f) In establishing the aggregate principal amount of the Bonds, the Authorized Officer shall establish an amount within the amount authorized in Section 1 hereof, which amount shall be sufficient to provide, *inter alia*, for (i) the funding of the Reserve Fund, if any, as hereinafter required, (ii) the payment of the costs of issuance of the Bonds (iii) the funding of the costs of the acquisition and construction of improvements and extensions to the Ten Mile Creek System (with a maximum principal amount of Bonds of \$12,000,000) and (iv) 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 (in either case, with a maximum principal amount of Bonds of \$13,500,000).

(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 Authorized 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 Authorized 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 Authorized Officer, which escrow or deposit agreement will provide for the payment in full of the Refunded Bonds being refunded. In addition, the Authorized 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 principal corporate trust office of The Bank of New York Mellon Trust Company, National Association, Dallas, Texas (the "Paying Agent/Registrar") books or records for the registration of the transfer, conversion and exchange of the Bonds (the "Registration Books"), and the Issuer hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such registrations of transfers, conversions and exchanges under such reasonable regulations as the Issuer and Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such registrations, transfers, conversions and exchanges as herein provided. The Paying Agent/Registrar shall obtain and record in the Registration

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

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

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

(c) In General. The Bonds (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on such Bonds to be payable only to the registered owners thereof, (ii) may 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:

NO. R-

PRINCIPAL
AMOUNT
\$

UNITED STATES OF AMERICA
STATE OF TEXAS
TRINITY RIVER AUTHORITY OF TEXAS
TEN MILE CREEK SYSTEM
REVENUE [IMPROVEMENT AND/OR REFUNDING] BOND, SERIES ____

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

PRINCIPAL AMOUNT: DOLLARS

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

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

ANY ACCRUED INTEREST due at maturity or upon the redemption of this Bond prior to maturity as provided herein shall be paid to the registered owner upon presentation and surrender of this Bond for redemption and payment at the principal corporate trust office of the Paying Agent/Registrar. The Issuer covenants with the registered owner of this Bond that on or before each principal payment date, interest payment date, and accrued interest payment date for this Bond it will make available to the Paying Agent/Registrar, from the "Interest and Sinking Fund" created by the 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 (i) TO PAY THE COSTS OF THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE TRINITY RIVER AUTHORITY OF TEXAS TEN MILE CREEK REGIONAL WASTEWATER TREATMENT SYSTEM IN DALLAS AND ELLIS COUNTIES, TEXAS AND (ii) TO PAY THE COSTS OF REFUNDING CERTAIN MATURITIES OF THE SERIES 2006 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>
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The principal amount of said Bonds required to be redeemed pursuant to the operation of such mandatory redemption provision shall be reduced, at the option of the Issuer, by the principal amount of said Bonds of the respective maturity which, at least 50 days prior to the mandatory redemption date (1) shall have been acquired by the Issuer at a price not exceeding the principal amount of such Bonds plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, (2) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the Issuer at a price not exceeding the principal amount of such Bonds plus accrued interest to the date of purchase, or (3) shall have been redeemed pursuant to the optional redemption provisions and not theretofore credited against a mandatory redemption requirement.

AT LEAST 30 days prior to the date fixed for any redemption of Bonds or portions thereof prior to maturity a written notice of such redemption shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, to the registered owner of each Bond to be redeemed at its address as it appeared on the 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.

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

ALL BONDS OF THIS SERIES are issuable solely as fully registered Bonds, without interest coupons, in the denomination of any integral multiple of \$5,000. As provided in the Bond Resolution, this Bond, or any unredeemed portion hereof, may, at the request of the registered owner or the assignee or assignees hereof, be assigned, transferred, converted into and exchanged for a like aggregate principal amount of fully registered Bonds, without interest coupons, payable to the appropriate registered owner, assignee or assignees, as the case may be, having the same denomination or denominations in any integral multiple of \$5,000 as requested in writing by the appropriate registered owner, assignee or assignees, as the case may be, upon surrender of this Bond to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Bond Resolution. Among other requirements for such assignment and transfer, this Bond must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Bond or any portion or portions hereof in any integral multiple of \$5,000 to the assignee or assignees in whose name or names this Bond or any such portion or portions hereof is or are to be registered. The form of Assignment printed or endorsed on this Bond may be executed by the registered owner to evidence the assignment hereof, but such method is not exclusive, and other instruments of assignment satisfactory to the Paying Agent/Registrar may be used to evidence the assignment of this Bond or any portion or portions hereof from time to time by the registered owner. The Paying Agent/Registrar's reasonable standard or customary fees and charges for assigning, transferring, converting and exchanging any Bond or portion thereof will be paid by the Issuer. In any circumstance, any taxes or governmental charges required to be paid with respect thereto shall be paid by the one requesting such assignment, transfer, conversion or exchange, as a condition precedent to the exercise of such privilege. The Paying Agent/Registrar shall not be required to make any such transfer, conversion or exchange (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or, (ii) with respect to any Bond or any portion thereof called for redemption prior to maturity, within 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 and other parity bonds, are special obligations of the Issuer payable from and secured by a first lien on and pledge of the "Pledged Revenues", as defined in the Bond Resolution, which include the "Net Revenues of the Ten Mile Creek System", as defined in the Bond Resolution, and include payments received by the Issuer

pursuant to the "Ten Mile Creek Regional Wastewater System Contract" dated December 1, 1983, among the Issuer and the Cities of Cedar Hill, DeSoto, Duncanville, Ferris, and Lancaster, Texas.

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

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

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

THE BANK OF NEW YORK MELLON TRUST COMPANY
NATIONAL ASSOCIATION

Paying Agent/Registrar

By _____
Authorized Representative

FORM OF ASSIGNMENT

ASSIGNMENT

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

Please insert Social Security or Taxpayer
Identification Number of Transferee

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

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

Dated: _____

Signature Guaranteed:

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

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

OF

ACCOUNTS:

FORM OF REGISTRATION CERTIFICATE

THE COMPTROLLER OF PUBLIC

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>
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(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 _____ 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."

5. DEFINITIONS. As used in this 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 terms "Authority" and "Issuer" mean Trinity River Authority of Texas, a conservation and reclamation district created by the Authority Act pursuant to Article 16, Section 59, of the Texas Constitution.

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

The terms "Bond Resolution" and "Resolution" mean this resolution adopted by the Board of Directors of the Issuer on June 24, 2015, authorizing the issuance of the Bonds.

The term "Bonds" means collectively the Bonds initially authorized to be issued by this Bond Resolution, and all substitute bonds exchanged therefor and all other substitute bonds and replacement bonds as provided for in this Bond Resolution.

The term "Contracting Parties" means the Initial Contracting Parties and any other entity which becomes an Additional Contracting Party and therefore a Contracting Party pursuant to the Initial Contract.

The term "Contracts" means collectively (a) the Initial Contract, (b) any contracts with any entity which becomes an Additional Contracting Party and therefore a Contracting Party pursuant to the Initial Contract, and (c) all other contracts and agreements executed between the Issuer and other entities in connection with the services of the System.

The terms "Gross Revenues of the System" and "Gross Revenues" mean all of the revenues, income, rentals, rates, fees, and charges of every nature derived by the Issuer from the operation and/or ownership of the System, including specifically all payments and amounts received by the Issuer from Contracts, and any interest income from the investment of money in any Funds confirmed by this Bond Resolution.

The term "Initial Contract" means the Ten Mile Creek Regional Wastewater System Contract, dated December 1, 1983, among the Issuer and the Initial Contracting Parties.

The term "Initial Contracting Parties" means the Cities of Cedar Hill, DeSoto, Duncanville, Ferris, and Lancaster, Texas.

The terms "Net Revenues of the Authority's System", "Net Revenues of the System" and "Net Revenues" shall mean the Gross Revenues of the System less the Operation and Maintenance Expenses of the System.

The term "Operation and Maintenance Expenses" means all costs and expenses of operation and maintenance of the System, including (for greater certainty but without limiting the generality of the foregoing) repairs and replacements for which no special fund is created in the Bond Resolutions, operating personnel, the cost of utilities, the costs of supervision, engineering, accounting, auditing, legal services, supplies, services, administration of the System, including general overhead expenses of the Issuer attributable to the System, insurance premiums, equipment necessary for proper operation and maintenance of the System, and payments made by the Issuer in satisfaction of judgments resulting from claims not covered by the Issuer's insurance arising in connection with the operation and maintenance of

the System. The term also includes the charges of the bank or banks and other entities acting as paying agents and/or registrars for any Bonds. The term does not include depreciation.

The term "Parity Bonds" means collectively (i) the Bonds and (ii) the unpaid and unrefunded bonds of the following described Series to be outstanding after the issuance and delivery of the Bonds: Trinity River Authority of Texas Ten Mile Creek System Revenue Bonds, Series 2006 (the "Series 2006 Bonds"), authorized by resolution of the Board on August 23, 2006, Trinity River Authority of Texas Ten Mile Creek System Revenue Bonds, Series 2007 (the "Series 2007 Bonds"), authorized by resolution of the Board on October 24, 2007, Trinity River Authority of Texas Ten Mile Creek System Revenue Bonds, Series 2010 (the "Series 2010 Bonds"), authorized by resolution of the Board on December 2, 2009, Trinity River Authority of Texas Ten Mile Creek System Revenue Refunding Bonds, Series 2010 (the "Series 2010 Refunding Bonds"), authorized by resolution of the Board on February 24, 2010, Trinity River Authority of Texas Ten Mile Creek System Revenue Bonds, Series 2011 (the "Series 2011 Bonds"), authorized by resolution of the Board on August 24, 2011, Trinity River Authority of Texas Ten Mile Creek System Revenue Refunding Bonds, Series 2012 (the "Series 2012 Bonds"), authorized by resolution of the Board on June 27, 2012 and Trinity River Authority of Texas Ten Mile Creek System Revenue Bonds, Series 2013 (the "Series 2013 Bonds"), authorized by resolution of the Board on August 28, 2013.

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

██████ The term "Series 1983 Bond Resolution" means the base resolution of the Board, adopted on December 7, 1983, authorizing the issuance of the Trinity River Authority of Texas Ten Mile Creek System Revenue Bonds, Series 1983, the provisions of which set forth the conditions for the issuance of all Parity Bonds.

The terms "Ten Mile Creek System" and "System" mean all of the Issuer's existing wastewater reception, transportation, treatment and disposal facilities serving the Initial Contracting Parties in the area of Ten Mile Creek (a tributary of the Trinity River) in Dallas and Ellis Counties, Texas, which facilities initially were acquired and constructed with the proceeds from the sale of the heretofore issued Parity Bonds, and 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 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 Bonds authorized by this Bond Resolution are "Additional Bonds" as permitted by Sections 21 and 22 of the Series 1983 Bond Resolution, and it is hereby declared, determined, and resolved that all of the Parity Bonds are and shall be secured and payable equally and

ratably on a parity, and that Sections 5 through 21 of this Bond Resolution are supplemental to and cumulative of Sections 8 through 24 of the Series 1983 Bond Resolution, with Sections 5 through 21 of this Bond Resolution being equally applicable to all of the Parity Bonds.

(b) 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, the Reserve Fund, and the Contingency Fund as provided in this Bond Resolution.

Section 7. REVENUE FUND. There has been created and established and there shall be maintained on the books of the Issuer, and accounted for separate and apart from all other funds of the Issuer, a special fund to be entitled the "Trinity River Authority of Texas Ten Mile Creek System Revenue Bonds Revenue Fund" (hereinafter called the "Revenue Fund"). All Gross Revenues of the System shall be credited to the Revenue Fund promptly after they become available. All Operation and Maintenance Expenses of the System shall be paid from such Gross Revenues credited to the Revenue Fund, as a first charge against same.

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 been created and established and there shall be maintained at an official depository bank of the Issuer a separate fund to be entitled the "Trinity River Authority of Texas Ten Mile Creek System Revenue Bonds Interest and Redemption Fund" (hereinafter called the "Interest and Redemption Fund").

Section 9. RESERVE FUND. There has been created and established and there shall be maintained at an official depository bank of the Issuer a separate fund to be entitled the "Trinity River Authority of Texas Ten Mile Creek System Revenue Bonds Reserve Fund (hereinafter called the "Reserve Fund"). The Reserve Fund shall be used solely for the purpose of finally retiring the last of any Parity Bonds or Additional Bonds, or for paying when due the principal of and interest on any Parity Bonds or Additional Bonds when and to the extent the amounts in the Interest and Redemption Fund and Contingency Fund are insufficient for such purpose.

Section 10. CONTINGENCY FUND. There has been created and established and there shall be maintained at an official depository bank of the Issuer a separate fund to be entitled the "Trinity River Authority of Texas Ten Mile Creek System Revenue Bonds Contingency Fund" (hereinafter called the "Contingency Fund"). The Contingency Fund shall be used solely for the purpose of paying the costs of improvements, enlargements, extensions, or additions, or other capital expenditures relating to the System, and unexpected or extraordinary repairs or replacements of the System for which System funds are not otherwise available, or for paying unexpected or extraordinary Operation and Maintenance Expenses of the System for which System funds are not otherwise available, or for paying principal of and interest on any Bonds or Additional Bonds, when and to the extent the amount in the Interest and Redemption Fund is insufficient for such purpose.

Section 11. DEPOSITS OF PLEDGED REVENUES; INVESTMENTS. (a) The Pledged Revenues shall be deposited into the Interest and Redemption Fund, the Reserve Fund, and the Contingency Fund when and as required by this Bond Resolution.

(b) Money in any Fund maintained pursuant to this Bond Resolution may, at the option of the Authority, be deposited and invested and reinvested in securities as permitted by Section 8-B of the

Authority Act; provided that all such deposits and investments shall be made in such manner that the money required to be expended from any Fund will be available at the proper time or times. Such investments shall be valued in terms of current market value as of October 1 of each year. Interest and income derived from such deposits and investments shall be credited to, and any losses debited to, the Fund from which the deposit or investment was made. Such investments shall be sold promptly when necessary to prevent any default in connection with the Parity Bonds or Additional Bonds.

Section 12. FUNDS SECURED. Money in all Funds maintained pursuant to this Bond Resolution, to the extent not invested, shall be secured in the manner prescribed by law for securing funds of the Issuer.

Section 13. DEBT SERVICE REQUIREMENTS. (a) 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:

- (1) such amounts, deposited in approximately equal monthly installments on or before the 25th day of each month hereafter as will be 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 scheduled to accrue and come due on the Parity Bonds on the next succeeding interest payment date; and
- (2) such amounts, deposited in approximately equal monthly installments on or before the 25th day of each month hereafter as will be sufficient, together with other amounts, if any, then on hand in the Interest and Redemption Fund and available for such purpose, to pay the principal scheduled to mature and come due on the Parity Bonds, or required to be prepaid or redeemed prior to scheduled due date or maturity, on the next succeeding principal payment date.

Section 14. RESERVE REQUIREMENTS. There is now on deposit in the Reserve Fund an amount of money and investments in market value at least equal to the average annual principal and interest requirements of the unpaid and unrefunded Parity Bonds to be outstanding after the delivery of the Bonds. Immediately after the delivery of the Bonds, if necessary, there shall be deposited ratably into the Reserve Fund, from the proceeds from the sale of the Bonds, an amount which, together with the amount now contained therein, will cause the Reserve Fund to contain an amount of money and investments in market value equal to the average annual principal and interest requirements on all Parity Bonds. When and so long as the money and investments in the Reserve Fund are not less in market value than a "Required Amount" equal to the average annual principal and interest requirements of all then outstanding Parity Bonds, no deposits shall be made to the credit of the Reserve Fund; but when and if the Reserve Fund at any time contains less than said "Required Amount" in market value, then, subject and subordinate to making the required deposits to the credit of the Interest and Redemption Fund, the Issuer shall transfer from Pledged Revenues and deposit to the credit of the Reserve Fund, on or before the 25th day of each month, a sum equal to 1/60th of the average annual principal and interest requirements of all then outstanding Parity Bonds, until the Reserve Fund is restored to said "Required Amount" in market value. So long as the Reserve Fund contains said "Required Amount" in market value, any surplus in the Reserve Fund over said "Required Amount" in market value shall, immediately upon receipt, be deposited to the credit of the Interest and Redemption Fund.

Section 15. CONTINGENCY REQUIREMENTS. There is now on deposit in the Contingency Fund an amount of money and/or investments in market value at least equal to \$250,000. No additional deposits are required to be made to the credit of the Contingency Fund unless and until

such amount therein is reduced or depleted or unless the Issuer, upon the advice and recommendation of an independent engineer or firm of engineers, determines it necessary to increase such amount in order adequately to provide for contingencies related to the System, or unless the Issuer provides for an increase in such amount in any resolution authorizing Additional Bonds. If and when such amount in the Contingency Fund is reduced or depleted, or an increase in such amount has been provided for, then, subject and subordinate to making the required deposits to the credit of the Interest and Redemption Fund and the Reserve Fund, such reduction or depletion shall be restored, and/or such amount shall be increased, to the extent not otherwise funded, from amounts which shall be provided for such purpose in the Issuer's Annual Budget for the next ensuing fiscal year or years; provided that the Issuer is not required to budget more than one third of the amount to be accumulated for such purpose during any one fiscal year. So long as the Contingency Fund contains money and investments not less than the amount of \$250,000 (or the amount to which the Contingency Fund may be increased as aforesaid) in market value, any surplus in the Contingency Fund over said amount shall, immediately upon receipt, be deposited to the credit of the Interest and Redemption Fund.

Section 16. 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, the Reserve Fund, and the Contingency Fund, then such deficiency shall be made up as soon as possible from the next available Pledged Revenues, or from any other sources available for such purpose.

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

Section 17. PAYMENT OF PARITY BONDS AND ADDITIONAL BONDS. On or before the last day of the January or July immediately following delivery of the Bonds, and semiannually on or before the last day of each January and of each July thereafter while any of the Parity Bonds or Additional Bonds are outstanding and unpaid, the Issuer shall make available to each Paying Agent/Registrar therefor, out of the Interest and Redemption Fund, the Contingency Fund, or the Reserve Fund, if necessary, money sufficient to pay such interest on and such principal of the Parity Bonds and Additional Bonds as will accrue or come due on the February 1 or August 1 immediately following.

Section 18. ADDITIONAL BONDS. (a) The Issuer shall have the right and power at any time and from time to time, and in one or more Series or issues, to authorize, issue, and deliver additional parity revenue bonds (herein called "Additional Bonds"), in accordance with law, in any amounts, for any lawful purpose related to the System, including the refunding of any 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 and the Reserve Fund established pursuant to this 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 this Bond Resolution and the provisions of each resolution authorizing Additional Bonds to be deposited to the credit of the Interest and Redemption Fund, the Issuer shall deposit to the credit of the Interest and Redemption Fund at least such amounts as are required for the payment of all principal of and interest on said Additional Bonds then being issued, as the same come due; and that the aggregate amount to be accumulated and maintained in the Reserve

Fund shall be increased (if and to the extent necessary) to an amount not less than the average annual principal and interest requirements of all Parity Bonds and Additional Bonds which will be outstanding after the issuance and delivery of the then proposed Additional Bonds; and that the required additional amount shall be so accumulated by the deposit in the Reserve Fund of all or any part of said required additional amount in cash immediately after the delivery of the then proposed Additional Bonds, or, at the option of the Issuer, by the deposit of said required additional amount (or any balance of said required additional amount not deposited in cash as permitted above) in monthly installments, made on or before the 25th day of each month following the delivery of the then proposed Additional Bonds, of not less than 1/60th of the balance of said required additional amount not deposited in cash as permitted above).

(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 August 1 of the years in which such principal is scheduled to be paid or mature; and all interest thereon must be payable on February 1 and August 1, and for the purposes of this and all other Sections of this Resolution, principal amounts of any 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 19. 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 and the Reserve Fund each contains the amount then required to be therein, and that either (1) based on a report of an independent engineer or firm of engineers, the Pledged Revenues, in each fiscal year thereafter, commencing with the third complete fiscal year following the date of such report, are estimated to be at least equal to 1.25 times the average annual principal and interest requirements of all Parity Bonds and Additional Bonds to be outstanding after the delivery of the then proposed Additional Bonds, or (2) based upon an opinion of legal counsel to the Issuer, there are Contracts then in effect pursuant to which the Contracting Parties and others, if any, which are parties to such Contracts are obligated to make payments to the Issuer during each fiscal year (including during periods when services of the System may not be available to such Contracting Parties and others) in such amounts as shall be necessary to provide to the Issuer Pledged Revenues sufficient to pay when due all principal of and interest on all Parity Bonds and Additional Bonds to be outstanding after the issuance of the proposed Additional Bonds, and to make the deposits into the Reserve Fund as required under this Resolution.

Section 20. GENERAL COVENANTS. The Issuer further covenants and agrees that:

(a) PERFORMANCE. 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 Parity 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 the Reserve Fund and any holder 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) ISSUER'S LEGAL AUTHORITY. 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 Chapter 518, Acts of the 54th Legislature, Regular Session, 1955, as amended, and is duly authorized under the laws of the State of Texas to create and issue the Parity Bonds; that all action on its part of the creation and issuance of the Parity Bonds has been duly and effectively taken, and that the Parity 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) TITLE. It has or will obtain lawful title to, or the lawful right to use and operate, the lands, buildings, and facilities constituting the System, that it warrants that it will defend the title to or lawful right to use and operate, all of the aforesaid lands, buildings, and facilities, and every part thereof, for the benefit of the owners of the Parity Bonds and Additional Bonds against the claims and demands of all persons whomsoever, that it is lawfully qualified to pledge the Pledged Revenues to the payment of the Parity Bonds and Additional Bonds in the manner prescribed herein, and has lawfully exercised such rights.

(d) LIENS. It will from time to time and before the same become delinquent pay and discharge all taxes, assessments, and governmental charges, if any, which shall be lawfully imposed upon it, or the System, that it will pay all lawful claims for rents, royalties, labor, materials, and supplies which if unpaid might by law become a lien or charge thereon, the lien of which would be prior to or interfere with the liens hereof, so that the priority of the liens granted hereunder shall be fully preserved in the manner provided herein, and that it will not create or suffer to be created any mechanic's, laborer's, materialman's, or other lien or charge which might or could be prior to the liens hereof, or do or suffer any matter or thing whereby the liens hereof might or could be impaired; provided, however, that no such tax, assessment, or charge, and that no such claims which might be used as the basis of a mechanic's, laborer's, materialman's, or other lien or charge, shall be required to be paid so long as the validity of the same shall be contested in good faith by the Issuer.

(e) OPERATION OF SYSTEM. That while the Parity Bonds or any Additional Bonds are outstanding and unpaid it will cause the System to be continuously and efficiently operated and maintained in good condition, repair, and working order, and at a reasonable cost.

(f) FURTHER ENCUMBRANCE. That while the Parity Bonds or any Additional Bonds are outstanding and unpaid the Issuer shall not additionally encumber the Pledged Revenues in any manner, except as permitted hereby in connection with Additional Bonds, unless said encumbrance is made junior and subordinate in all respects to the liens, pledges, covenants, and agreements hereof and any resolution authorizing the issuance of Additional Bonds; but the right of the Issuer and the Board to issue revenue bonds for any lawful purpose payable from a subordinate lien on the Pledged Revenues is specifically recognized and retained.

(g) SALE OF PROPERTY. That while the Parity Bonds or any Additional Bonds, are outstanding and unpaid, the Issuer will maintain its current legal corporate status as a conservation and reclamation district, and the Issuer shall not sell, convey, mortgage, or in any manner transfer title to, or lease, or otherwise dispose of the entire System, or any significant or substantial part thereof; provided that whenever the Issuer deems it necessary or advisable to dispose of any real or personal property, machinery, fixtures, or equipment, it may sell or otherwise dispose of such property, machinery, fixtures, or equipment if the Issuer determines that such property, machinery, fixtures, or equipment are not needed for System purposes, or if the Issuer has made arrangements to replace the same or provide substitutes therefor.

(h) INSURANCE. (1) That it will cause to be insured such parts of the System as would usually be insured by corporations operating like properties, with a responsible insurance company or companies, against risks, accidents, or casualties against which and to the extent insurance is usually carried by corporations operating like properties, including fire and extended coverage insurance. Public liability and property damage insurance shall also be carried unless legal counsel for the Issuer, or the Attorney General of Texas, gives a written opinion to the effect that the Issuer, its Board of Directors, and its officers and employees, are not liable for claims which would be protected by such insurance. At any time while any contractor engaged in construction work shall be fully responsible therefor, the Issuer shall not be required to carry insurance on the works being constructed, but the contractor shall be required to carry appropriate insurance. All such policies shall be open to the inspection of the owners of the Bonds and their representatives at all reasonable times.

(2) Upon the happening of any loss or damage covered by insurance from one or more of said causes, the Issuer shall make due proof of loss and shall do all things necessary or desirable to cause the insuring companies to make payment in full directly to the Issuer. The proceeds of insurance covering such property, together with any other funds necessary and available for such purpose, shall be used forthwith by the Issuer for repairing the property damaged or replacing the property destroyed; provided, however, that if said insurance proceeds and other funds are insufficient for such purpose, then said insurance proceeds pertaining to the System shall be used promptly as follows:

(a) for the redemption prior to maturity of the Parity Bonds and Additional Bonds, if any, ratably in the proportion that the outstanding principal of each Series or issue of Parity Bonds or Additional Bonds bears to the total outstanding principal of all Parity Bonds and Additional Bonds; provided that if on any such occasion the principal of any such Series or issue is not subject to redemption, it shall not be regarded as outstanding in making the foregoing computation; or

(b) if none of the outstanding Parity Bonds or Additional Bonds is subject to redemption, then for the purchase on the open market and retirement of said Parity Bonds and Additional Bonds, in the same proportion as prescribed in the foregoing clause (2), to the extent practicable; provided that the purchase price for any such Parity Bond or Additional Bond shall not exceed the redemption price of such Parity Bond or Additional Bond on the first date upon which it becomes subject to redemption; or

(c) to the extent that the foregoing clauses (a) and (b) cannot be complied with at the time, the insurance proceeds, or the remainder thereof, shall be deposited in a special and separate trust fund, at an official depository of the Issuer, to be designated the Insurance Account. The Insurance Account shall be held until such time as the foregoing clauses (a) and/or (b) can be complied with, or until other funds become available which, together with the Insurance Account, will be sufficient to make the repairs or replacements originally required, whichever of said events occurs first.

(i) **RATE COVENANT.** It will fix, establish, maintain, and collect such rentals, rates, charges, and fees for the use and availability of the System as are necessary to produce Gross Revenues of the System sufficient, together with any other Pledged Revenues, (a) to pay all Operation and Maintenance Expenses of the System, and (b) to make all payments and deposits required to be made into the Interest and Redemption Fund and to maintain the Reserve Fund and the Contingency Fund, when and as required by the resolutions authorizing all Parity Bonds and Additional Bonds.

(j) **RECORDS.** Proper books of records and account will be kept in which full, true, and correct entries will be made of all dealings, activities, and transactions relating to the System, the Pledged Revenues, and all Funds created pursuant to this Bond Resolution; and all books, documents, and vouchers relating thereto shall at all reasonable times be made available for inspection upon request of the owner of any Parity Bond.

(k) **AUDITS.** Each fiscal year while any of the Parity Bonds or Additional Bonds are outstanding, an audit will be made of its books and accounts relating to the System and the Pledged Revenues by an independent certified public accountant or an independent firm of certified public accountants. As soon as practicable after the close of each fiscal year, and when said audit has been completed and made available to the Issuer, a copy of such audit for the preceding fiscal year shall be mailed to the Municipal Advisory Council of Texas and to any owner of any Parity Bond or Additional Bond who shall so request in writing. Such annual audit reports shall be open to the inspection of the owners of the Parity Bonds and Additional Bonds and their agents and representatives at all reasonable times.

(l) **GOVERNMENTAL AGENCIES.** It will comply with all of the terms and conditions of any and all franchises and permits applicable to the System granted by any governmental agency, and all franchises, permits, and agreements applicable to the System and the Parity Bonds or Additional Bonds entered into between the Issuer and any governmental agency, and the Issuer will take all action necessary to enforce said terms and conditions; and the Issuer will obtain and keep in full force and effect all franchises, permits, and other requirements necessary with respect to the acquisition, construction, operation, and maintenance of the System.

(m) **CONTRACTS.** It will comply with the terms and conditions of the Contracts and will cause the Contracting Parties and others to comply with all of their obligations thereunder by all lawful means; and that the Contracts will not be changed, rescinded, modified, or amended in any way which would have a materially adverse effect on the operation and maintenance of the System by the Issuer or the rights of owners of the Parity Bonds and Additional Bonds.

(n) **ANNUAL BUDGET.** The Issuer shall prepare and adopt an Annual Budget for the System for each fiscal year as required by the Contracts.

Section 21. 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 shall have the right from time to time to approve any amendment to any resolution authorizing the issuance of any Parity Bonds or Additional Bonds, which may be deemed necessary or desirable by the Issuer (for purposes of this sentence only, 100% of the aggregate principal amount of 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), 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;
- (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 Bonds pursuant to the provisions of this Section shall be irrevocable for a period of six months from the date of the first publication of the notice provided for in this Section, and shall be conclusive and binding upon such owner and all future owners of the principal amount of such 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.

Section 22. DEFEASANCE OF BONDS. (a) Any Bond and the interest thereon shall be deemed to be paid, retired, and no longer outstanding (a "Defeased Bond") within the meaning of this Resolution, except to the extent provided in subsection (d) of this Section, when payment of the principal of such Bond, plus interest thereon to the due date (whether such due date be by reason of maturity or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar in accordance with an escrow agreement or other instrument (the "Future Escrow Agreement") for such payment (1) lawful money of the United States of America sufficient to make such payment or (2) Defeasance Securities that mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to provide for such payment, and when proper arrangements have been made by the Issuer with the Paying Agent/Registrar for the payment of its services until all Defeased Bonds shall have become due and payable. At such time as a Bond shall be deemed to be a Defeased Bond hereunder, as aforesaid, such Bond and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the 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 22(a)(i) or (ii) shall not be irrevocable, provided that: (1) in the proceedings providing for such payment arrangements, the Issuer expressly reserves the right to call the Defeased Bonds for redemption; (2) gives notice of the reservation of that right to the owners of the Defeased Bonds immediately following the making of the payment arrangements; and (3) directs that notice of the reservation be included in any redemption notices that it authorizes.

(b) Any moneys so deposited with the Paying Agent/Registrar may at the written direction of the Issuer also be invested in Defeasance Securities, maturing in the amounts and times as hereinbefore set forth, and all income from such Defeasance Securities received by the Paying Agent/Registrar that is not required for the payment of the Bonds and interest thereon, with respect to which such money has been so deposited, shall be turned over to the Issuer, or deposited as directed in writing by the Issuer. Any Future Escrow Agreement pursuant to which the money and/or Defeasance Securities are held for the payment of Defeased Bonds may contain provisions permitting the investment or reinvestment of such moneys in Defeasance Securities or the substitution of other Defeasance Securities upon the satisfaction of the requirements specified in subsection 22(a)(i) or (ii). All income from such Defeasance Securities received by the Paying Agent/Registrar which is not required for the payment of the Defeased Bonds, with respect to which such money has been so deposited, shall be remitted to the Issuer or deposited as directed in writing by the Issuer.

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

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

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

Section 23. DAMAGED, MUTILATED, LOST, STOLEN OR DESTROYED BONDS. (a) Replacement Bonds. In the event any outstanding Bond is damaged, mutilated, lost, stolen or destroyed, the Paying Agent/Registrar shall cause to be printed, executed and delivered, a new bond of the same principal amount, maturity and interest rate, as the damaged, mutilated, lost, stolen or destroyed Bond, in replacement for such Bond in the manner hereinafter provided.

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

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

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

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

Section 24. COVENANTS REGARDING TAX-EXEMPTION. (a) General Tax Covenants Regarding Tax Exemption of Interest on the Bonds. 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:

(i) 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;

(ii) 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;

(iii) 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;

(iv) 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;

(v) 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;

(vi) 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 --

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

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

(C) 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;

(vii) 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);

(viii) 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 (viii), 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. This Resolution is intended to satisfy the official intent requirements set forth in section 1.150-2 of the Treasury Regulations.

(b) Interest Earnings on Bond Proceeds. Interest earnings derived from the investment of proceeds from the sale of the Bonds shall be used along with other bond proceeds for the purpose for which the Bonds are issued, as set forth in Section 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. It is further provided, however, that any interest earnings on bond proceeds which are required to be rebated to the United States of America pursuant to Section 24(a) hereof in order to prevent the Bonds from being arbitrage bonds shall be so rebated and not considered as interest earnings for the purposes of this Section.

(c) Disposition of Project. The Issuer covenants that the property constituting the project financed with the proceeds of the Bonds or Refunded Bonds will not be sold or otherwise disposed in a transaction resulting in the receipt by the Issuer of cash or other compensation, unless the Issuer obtains an opinion of nationally-recognized bond counsel that such sale or other disposition will not adversely affect the tax-exempt status of the Bonds. For purposes of the foregoing, the portion of the property comprising personal property and disposed in the ordinary course shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes hereof, the Issuer shall not be

obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

Section 25. CUSTODY, APPROVAL, AND REGISTRATION OF BONDS; BOND COUNSEL'S OPINION, CUSIP NUMBERS, AND INSURANCE. The President of the Board of Directors of the Issuer is hereby authorized to have control of the Bonds issued hereunder and all necessary records and proceedings pertaining to the Bonds pending their delivery and their investigation, examination, and approval by the Attorney General of the State of Texas, and their registration by the Comptroller of Public Accounts of the State of Texas. Upon registration of the Bonds said Comptroller of Public Accounts (or a deputy designated in writing to act for said Comptroller) shall manually sign the Comptroller's Registration Certificate on the Bonds, and the seal of said Comptroller shall be impressed, or placed in facsimile, on the Bonds. The approving legal opinion of the Issuer's Bond Counsel and the assigned CUSIP numbers may, at the option of the Issuer, be printed on the Bonds or on any Parity Bonds issued and delivered in conversion of and exchange or replacement of any Bond, but neither shall have any legal effect, and shall be solely for the convenience and information of the registered owners of the Bonds. If insurance is obtained on any of the Bonds, the Bonds and all other Bonds shall bear an appropriate legend concerning insurance as provided by the insurer.

Section 26. FURTHER PROVISIONS AND PROCEDURES. The President, Vice President and Secretary of the Board of Directors of the Issuer, the General Manager of the Issuer and all other officers, employees and agents of the Issuer, and each of them, shall be and they are hereby expressly authorized, empowered and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge and deliver in the name and under the corporate seal and on behalf of the Issuer a Letter of Representation with DTC regarding the Book-Entry Only System, the Paying Agent/Registrar Agreement with the Paying Agent/Registrar and all other instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Resolution, the Letter of Representation, the Bonds, the sale of the Bonds and the Official Statement. Notwithstanding anything to the contrary contained herein, while the Bonds are subject to DTC's Book-Entry Only System and to the extent permitted by law, the Letter of Representation is hereby incorporated herein and its provisions shall prevail over any other provisions of this Resolution in the event of conflict. In case any officer whose signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

Section 27. CONTINUING DISCLOSURE OF INFORMATION. (a) As used in this Article, the following terms have the meanings ascribed to such terms below:

"MSRB" means the Municipal Securities Rulemaking Board.

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

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

(b) Pursuant to a Continuing Disclosure Agreement by and between the Issuer and the 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 the MSRB, in a timely manner not in excess of ten business days after the occurrence of the event, of any of the following events with respect to the Bonds:

- A. Principal and interest payment delinquencies;
- B. Non-payment related defaults, if material;
- 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, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- G. Modifications to rights of holders of the Bonds, if material;
- H. Bond calls, if material, and tender offers;
- I. Defeasances;
- J. Release, substitution, or sale of property securing repayment of the Bonds, if material;
- K. Rating changes;
- L. Bankruptcy, insolvency, receivership or similar event of the Issuer;
- M. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- N. Appointment of a successor Paying Agent/Registrar or change in the name of the Paying Agent/Registrar, if material.

As used in clause L. above, the phrase "bankruptcy, insolvency, receivership or similar event" means the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court of governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if jurisdiction has been assumed by leaving the Board and officials or officers of the Issuer in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

Section 28. SECURITY INTEREST. Chapter 1208, Government Code, applies to the issuance of the Bonds and the pledge of the Pledged Revenues granted by the Issuer under Section 6 of this Resolution, and is therefore valid, effective, and perfected. If Texas law is amended at any time while the Bonds are outstanding and unpaid such that the pledge of the Pledged Revenues granted by the Issuer under Section 5 of this Resolution is to be subject to the filing requirements of Chapter 9, Business & Commerce Code, then in order to preserve to the registered owners of the Bonds the perfection of the security interest in said pledge, the Issuer agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Business & Commerce Code and enable a filing to perfect the security interest in said pledge to occur.

Section 29. EXPIRATION OF AUTHORIZATION. The authority of the General Manager, as Authorized 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 30. 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.

DIRECT BOND PURCHASE AGREEMENT

July 3, 2015

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

Re: \$12,220,000 TRINITY RIVER AUTHORITY OF TEXAS TEN MILE CREEK
SYSTEM REVENUE REFUNDING BOND, SERIES 2016

Ladies and Gentlemen:

DNT Asset Trust, 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 10:00 am, Dallas Texas time, July 3, 2015, 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: \$12,220,000 (par "all or none")
2. Terms of Bond:

(a) The Bond shall consist of one term bond in the principal amount of \$12,220,000 maturing on August 1, 2026, bearing interest from the date of initial delivery of the Bond to the Purchaser at an interest rate of 2.76% 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 February 1, 2017, and semiannually on each August 1 and February 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-1427 authorizing the issuance of the Bond adopted by the Board of Directors of the Authority on June 24, 2015 (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 will not be designated as "qualified tax exempt obligations" 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 July 3, 2015 (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 August 1, 2016 (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, 2015, 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. Representative. JPMorgan Chase Bank, N.A., its successors or assigns, or any other entity subsequently appointed by the majority of the registered owners of the Bond, shall act as the representative on behalf of the registered owners of the Bond and shall be the party which provides consent, direct remedies and takes all actions on behalf of the registered owners of the Bond under this Purchase Agreement, the Resolution, the Bond or any combination of the foregoing.
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 4.337% 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.

DNT ASSET TRUST

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

ACCEPTED BY THE TRINITY RIVER AUTHORITY OF TEXAS

J. Kevin Ward

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.

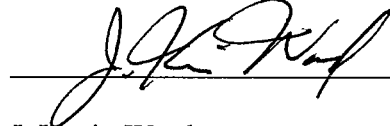
DNT ASSET TRUST

By: _____

Name: _____

Title: _____

ACCEPTED BY THE TRINITY RIVER AUTHORITY OF TEXAS

_____

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 August 1 in the following years 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:

<u>Year</u>	<u>Principal Amount</u>
2017	\$685,000
2018	\$700,000
2019	\$715,000
2020	\$735,000
2021	\$755,000
2022	\$785,000
2023	\$800,000
2024	\$2,280,000
2025	\$2,345,000
2026*	\$2,420,000
* Final Maturity	

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-1427 of the Board of Directors of the Issuer adopted on June 24, 2015 (the "Resolution") relating to the issuance of Trinity River Authority of Texas Ten Mile Creek System Revenue Refunding Bond, Series 2016 (the "Bond") hereby find, determine and commit on behalf of the Issuer to sell and deliver the Bond to DNT Asset Trust, Fort Worth, Texas (the "Purchaser") pursuant to the terms of the Direct Bond Purchase Agreement, attached hereto as Exhibit A, as executed by the undersigned concurrently herewith (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, DNT Asset Trust, 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 is a non-negotiable instrument and shall be dated August 1, 2016, 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 B.

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

Sources of Funds:	Total
Principal Amount of Bonds	\$12,220,000.00
Debt Service Fund Transfer	\$320,995.19
TOTAL SOURCES	\$12,540,995.19
Uses of Funds:	
Cash Deposit to Escrow Fund	\$12,400,000.00
Costs of Issuance	\$140,000.00
Rounding	\$995.19
TOTAL USES	\$12,540,995.19

6. That bonds of the Issuer indicated in Exhibit C 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 8.707%.

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

Witness my hand this July 3, 2015.

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

Direct Bond Purchase Agreement between Trinity River Authority and DNT Asset Trust

See Tab 2 in Transcript

EXHIBIT B

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.

THIS BOND IS A NON-NEGOTIABLE INSTRUMENT

NO. R-1	UNITED STATES OF AMERICA STATE OF TEXAS TRINITY RIVER AUTHORITY OF TEXAS TEN MILE CREEK SYSTEM REVENUE REFUNDING BOND, SERIES 2016	PRINCIPAL AMOUNT \$12,220,000
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<u>INTEREST RATE</u>	<u>DATE OF DELIVERY</u>	<u>MATURITY DATE</u>	<u>CUSIP</u>
2.760%	August 1, 2016	August 1, 2026	N/A

REGISTERED OWNER: DNT ASSET TRUST

PRINCIPAL AMOUNT: TWELVE MILLION TWO HUNDRED TWENTY 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 February 1, 2017 and semiannually thereafter on each August 1 and February 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 4.337% 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 August 1, 2016 and has been authorized in accordance with the Constitution and laws of the State of Texas in the principal amount of \$12,220,000, IN ORDER TO OBTAIN FUNDS TO PAY THE COSTS OF REFUNDING CERTAIN MATURITIES OF THE ISSUER'S OUTSTANDING TRINITY RIVER AUTHORITY OF TEXAS TEN MILE CREEK SYSTEM REVENUE BONDS, SERIES 2006.

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 August 1 of each year and in the respective principal amounts, set forth in the following schedule:

<u>Year</u>	<u>Principal Amount</u>
2017	\$685,000
2018	\$700,000
2019	\$715,000
2020	\$735,000
2021	\$755,000
2022	\$785,000
2023	\$800,000
2024	\$2,280,000
2025	\$2,345,000
2026*	\$2,420,000

* 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 and other parity bonds, are special obligations of the Issuer payable from and secured by a first lien on and pledge of the "Pledged Revenues", as defined in the Bond Resolution, which include the "Net Revenues of the Ten Mile Creek System", as defined in the Bond Resolution, and include payments received by the Issuer pursuant to the "Ten Mile Creek Regional Wastewater System Contract" dated December 1, 1983, among the Issuer and the Cities of Cedar Hill, DeSoto, Duncanville, Ferris, and Lancaster, Texas.

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

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

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

Secretary, Board of Directors
Trinity River Authority of Texas

(SEAL)

PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

Dated

By _____
Authorized Representative

ASSIGNMENT

Please insert Social Security or Taxpayer
Identification Number 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 C

TRINITY RIVER AUTHORITY OF TEXAS
TEN MILE CREEK SYSTEM REVENUE BONDS, SERIES 2006.

MATURITY	AMOUNT OUTSTANDING(\$)	REFUNDED AMOUNT(\$)
8/1/2017	650,000	650,000
8/1/2018	670,000	670,000
8/1/2019	695,000	695,000
8/1/2020	725,000	725,000
8/1/2021	755,000	755,000
8/1/2022	800,000	800,000
8/1/2023	825,000	825,000
8/1/2024	2,320,000	2,320,000
8/1/2025	2,420,000	2,420,000
8/1/2026	2,540,000	2,540,000

The Series 2006 Bonds shall be called for redemption on August 1, 2016 at a price of par, plus accrued interest to the date of redemption.

Exhibit "D"

ISSUE PRICE CERTIFICATE

The undersigned, as the duly authorized representative of DNT Asset Trust (the "Purchaser") of the Ten Mile Creek System Revenue Refunding Bond, Series 2016 (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 August 1, 2016.

DNT ASSET TRUST

By: 

Name: John T. Bradley

Title: Authorized Officer

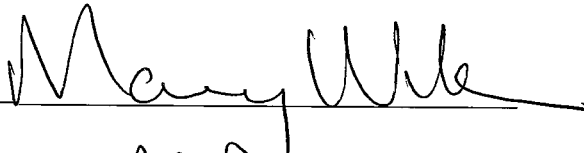
**CERTIFICATE OF FINANCIAL ADVISOR
CONCERNING SUFFICIENCY OF FUNDS**

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 defeasance of obligations designated as "Trinity River Authority of Texas Ten Mile Creek System Revenue Bonds, Series 2006" (the "*Series 2006 Bonds*"), The Series 2006 Bonds stated to mature on and after August 1, 2017 (the "*Refunded Bonds*") will be redeemed on August 1, 2016 (the "*Redemption Date*").
2. The Authority has authorized the issuance of obligations designated as "Trinity River Authority of Texas Ten Mile Creek System Revenue Refunding Bond, Series 2016, in the original principal amount of \$12,220,000 (the "*Refunding Bond*").
3. The amounts described in paragraph 4 below will be deposited by the Authority with The Bank of New York Mellon Trust Company, N.A., as paying agent for the Refunded Bonds to pay the redemption price of the Refunded Bonds on the Redemption Date.
4. Proceeds of the Refunding Bond totaling \$12,079,004.81, together with a transfer from the debt service reserve fund for the Refunded Bonds in the amount of \$320,995.19, represent the outstanding principal balance of the Refunded Bonds of \$12,400,000.00.
5. Additionally, the Issuer will pay principal and interest on the 2006 Bonds on August 1, 2016 in the amount of \$900,153.13 (\$620,000.00 of principal and \$280,153.13 of interest) from available funds of the Issuer. The deposit of \$12,400,000.00 representing the outstanding principal balance of the Refunded Bonds together with the Issuer's payment of \$900,153.13 representing the principal and interest due on August 1, 2016.
6. The total amount of principal and interest due on August 1, 2016 of \$13,300,153.13 will be sufficient to pay all principal and interest due and to redeem the Refunded Bonds on the Redemption Date as set forth in paragraph 4 & 5 have been confirmed to the undersigned as being accurate by an authorized representative of The Bank of New York Mellon Trust Company, N.A.

EXECUTED THIS JUNE 30, 2016.

HILLTOP SECURITIES INC.

By: 

Title: 

GENERAL AND CLOSING 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 prospective owners of the proposed Trinity River Authority of Texas Ten Mile Creek System Revenue Refunding Bond, Series 2016 (the "Bond"), dated August 1, 2016, authorized by Resolution No. R-1427 adopted on June 24, 2015, 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 other than for the payment of the Bonds, and any unpaid and unrefunded Trinity River Authority of Texas Ten Mile Creek System Revenue Bonds, Series 2006 (the "Series 2006 Bonds"), authorized by resolution of the Board on August 23, 2006, Trinity River Authority of Texas Ten Mile Creek System Revenue Bonds, Series 2007 (the "Series 2007 Bonds"), authorized by resolution of the Board on October 24, 2007, Trinity River Authority of Texas Ten Mile Creek System Revenue Bonds, Series 2010 (the "Series 2010 Bonds"), authorized by resolution of the Board on December 2, 2009, Trinity River Authority of Texas Ten Mile Creek System Revenue Refunding Bonds, Series 2010 (the "Series 2010 Refunding Bonds"), authorized by resolution of the Board on February 24, 2010, Trinity River Authority of Texas Ten Mile Creek System Revenue Bonds, Series 2011 (the "Series 2011 Bonds"), authorized by resolution of the Board on August 24, 2011, Trinity River Authority of Texas Ten Mile Creek System Revenue Refunding Bonds, Series 2012 (the "Series 2012 Bonds"), authorized by resolution of the Board on June 27, 2012 and Trinity River Authority of Texas Ten Mile Creek System Revenue Bonds, Series 2013 (the "Series 2013 Bonds"), authorized by resolution of the Board on August 28, 2013 (collectively, the Series 2006 Bonds, the Series 2007 Bonds, the Series 2010 Bonds, the Series 2010 Refunding Bonds, the Series 2011 Bonds, the Series 2012 Bonds and the Series 2013 Bonds are referred to as the "Outstanding Bonds"), the Pledged Revenues from the Contract, as hereinafter defined, are not in any manner pledged to the payment of any debt or obligation.

4. That no litigation of any nature has ever been filed pertaining to, affecting, or contesting: (a) the issuance, delivery, payment, security, or validity of the Bonds or the Outstanding Bonds, (b) the validity of the "Ten Mile Creek Regional Wastewater System Contract" (the "Contract") dated December 1, 1983, among the Authority and the Cities of Cedar Hill, DeSoto, Duncanville, Ferris, and Lancaster, Texas, (c) the title of the present members and officers of said Board of Directors of the Authority to their respective offices, or (d) the organization or corporate existence of the Authority or the boundaries thereof.

5. That the Contract has been duly authorized by resolutions of the Board of Directors of the Authority, is in full force and effect, and said Contract and resolutions have never been amended, revoked, or rescinded, and no default exists in connection therewith.

6. That the Authority is not in default as to any covenant, condition, or obligation in connection with the Outstanding Bonds, and the resolutions authorizing the same, and the Interest and Redemption Fund and

the Reserve Fund each contains the amount now required to be on deposit therein.

7. That, based upon an opinion of legal counsel to the Authority, the Contract now in effect, pursuant to which the Contracting Parties, as defined in the Contract, 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 the Bond, and the Outstanding Bonds to be outstanding after the issuance of the Bond, and to make the deposits into the Reserve Fund as required under the resolutions authorizing said bonds.

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

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

10. That said Bond is substantially in the form, and has been duly executed and signed in the manner, prescribed in the resolutions authorizing the issuance of said Bond.

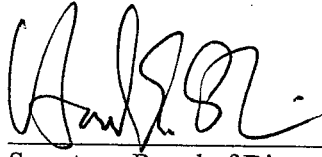
11. That at the time we so executed and signed said Bond we were, and at the time of executing this certificate we are, the duly chosen, qualified and acting officers indicated therein, and authorized to execute same.

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

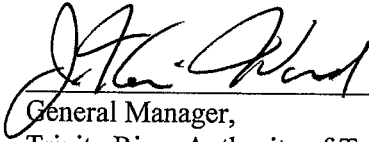
13. That J. Kevin Ward is the General Manager of the Authority, whose true and correct signature is affixed to this certificate.

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

SIGNED 8/1/16



Secretary, Board of Directors,
Trinity River Authority of Texas



General Manager,
Trinity River Authority of Texas



President, Board of Directors,
Trinity River Authority of Texas

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 Ten Mile Creek System Revenue Refunding Bond, Series 2016 (the "Bond"). The Bond is being issued pursuant to a Resolution of the Issuer and a Pricing Certificate of General Manager, each duly adopted by the Issuer (collectively, the "Resolution"). The Resolution is incorporated herein by reference.

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

1.4. The undersigned is an officer of the Issuer delegated with the responsibility, 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 DNT Asset Trust (the "Purchaser") in the Issue Price Certificate attached hereto as Exhibit "D", and by 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 Resolution, is to currently refund the Issuer's Ten Mile Creek System Revenue Bonds, Series 2006 (the "Outstanding Bonds") and to pay the related expenses of issuing the Bond. The proceeds of the Bond will be expended 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 of improvements and extensions to the Issuer's Ten Mile Creek Regional Wastewater Treatment System in Dallas and Ellis Counties, Texas (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 23 years.

2.4. Other than members of the general public and the Initial Contracting Parties within the meaning of the Resolution, 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 Resolution 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, all of the amounts received from the sale of the Outstanding Bonds and the investment earnings thereon have been expended.

5. Interest and Sinking Fund.

5.1. A separate and special Interest and Sinking Fund has been created and established, other than as described herein, solely to pay the principal of and interest on the 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 Sinking Fund. Amounts deposited in the Interest and Sinking Fund constituting the Bona Fide Debt Service Portion will be spent within a thirteen-month period beginning on the date of deposit, and any amount received from the investment of money held in the Interest and Sinking Fund will be spent within a one-year period beginning on the date of receipt.

5.2. Any money deposited in the Interest and Sinking Fund and any amounts received from the investment thereof that accumulate and remain on hand therein after thirteen months from the date of deposit of any such money or one year after the receipt of any such amounts from the investment thereof shall constitute a separate portion of the Interest and Sinking Fund. The yield on any investments allocable to the portion of the Interest and Sinking Fund exceeding 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 Resolution are held in trust for the benefit of the holders of the Bond. If on any interest payment or maturity date, the Interest and Sinking Fund does not contain an amount sufficient to make debt service payments on the Bond, the Issuer is required to transfer money from the Reserve Fund to the Interest and Sinking Fund in an amount sufficient to make such payments.

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 Bonds.

7. Revenue Fund.

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

7.2. Other than moneys in the Revenue Fund that are transferred to the Interest and Sinking Fund and the Reserve 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 Sinking Fund and the Reserve Fund, there are, and will be, no other funds or accounts established, or to be established, by or on behalf of the Issuer (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 Resolution 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 Resolution that it will comply with the requirements of the Code, including section 148(f) of the Code, relating to the required rebate to the United States. Specifically, the Issuer will take steps to ensure that all earnings on gross proceeds of the 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.

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DATED as of August 1, 2016.

TRINITY RIVER AUTHORITY OF TEXAS

By: 
General Manager

The undersigned represents that, to the best of the undersigned's knowledge, information and belief, the representations contained in Subsection 6.3 of this Federal Tax Certificate and of the Schedules attached hereto as Exhibit "E" are, as of August 1, 2016, 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.

FIRST SOUTHWEST COMPANY, LLC

By:

Name:

Title:

Mary Williams
MD

Exhibit "A"

LAW OFFICES

McCALL, PARKHURST & HORTON L.L.P.

600 CONGRESS AVENUE

717 NORTH HARWOOD

700 N. ST. MARY'S STREET

SUITE 1800

SUITE 900

SUITE 1525

AUSTIN, TEXAS 78701-3248

DALLAS, TEXAS 75201-6587

SAN ANTONIO, TEXAS 78205-3503

TELEPHONE: (512) 478-3805
FACSIMILE: (512) 472-0871

TELEPHONE: (214) 754-9200
FACSIMILE: (214) 754-9250

TELEPHONE: (210) 225-2800
FACSIMILE: (210) 225-2984

January 1, 2006

ARBITRAGE REBATE REGULATIONS[©]

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

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

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

Effective Dates

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

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

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

Future Value Computation Method

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

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

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

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

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

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

<u>Date</u>	<u>Receipts (Payments)</u>	<u>FY (7.0000 percent)</u>
01/1/1994	(\$49,000,000)	(\$69,119,339)
02/1/1994	3,000,000	4,207,602
04/1/1994	5,000,000	6,932,715
06/1/1994	14,000,000	19,190,277
09/1/1994	20,000,000	26,947,162
01/1/1995	(1,000)	(1,317)
07/1/1995	10,000,000	12,722,793
01/1/1996	(1,000)	<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 annual period ending on the first anniversary of the delivery date that the issue is outstanding. In effect, yield on a variable yield issue is determined on each computation date by "looking back" at the interest payments for such period. The regulations, however, permit an issuer of a variable-yield issue to elect to compute the yield for annual periods ending on any date in order to permit a matching of such yield to the expenditure of the proceeds. Any such election must be made in writing, is irrevocable, and must be made no later than the earlier of (1) the fifth anniversary date, or (2) the final maturity date.

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

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

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

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

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

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

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

Earnings on Nonpurpose Investments

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

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

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

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

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

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

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

Reimbursement and Working Capital

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

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

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

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

Rebate Payments

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

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

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

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

Alternative Penalty Amount

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

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

Exceptions to Rebate

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

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

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

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

b. Spending Exceptions.

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

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

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

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

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

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

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

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

Conclusion

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

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

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

EXHIBIT "B"

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May 21, 2013

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

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

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

I. Private Business Use

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

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

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

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

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

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

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

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

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

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

II. How Much Private Business Use is Too Much?

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

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

Disclosure Under IRS Circular 230: McCall Parkhurst & Horton LLP informs you that any tax advice contained in this memorandum, including any attachments, was not intended or written to be used, and cannot be used, for the purpose of avoiding federal tax related penalties or promoting, marketing or recommending to another party any transaction or matter addressed herein.

Exhibit "C"

LAW OFFICES

McCALL, PARKHURST & HORTON L.L.P.

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July 3, 2015

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

Re: Trinity River Authority of Texas
Ten Mile Creek System Revenue Refunding Bond, Series 2016

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 amounts to be deposited to the interest and sinking 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.

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

First, the interest and sinking fund is made up of amounts which are received annually for the payment of current debt service on all the Issuer's outstanding bonds. Any taxes or revenues deposited to the interest and sinking fund which are to be used for the payment of current debt service on the captioned bond, 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 sinking fund is permitted to be invested without regard to yield restriction as a "minor portion." The "minor portion" exception is available for de minimis amounts of taxes or revenues deposited to the interest and sinking fund. The maximum amount that may be invested as part of this account may not exceed the lesser of five percent of the principal amount of the bonds or \$100,000.

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

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

The Resolution contains covenants that require the Issuer to comply with the requirements of the federal tax laws relating to the tax-exempt obligations. The Internal Revenue Service (the "Service") has determined that certain materials, records and information should be retained by the issuers of tax-exempt obligations for the purpose of enabling the Service to confirm the exclusion of the interest on such obligations under the Internal Revenue Code. **Accordingly, the Issuer should retain such materials, records and information for the period beginning on the issue date of the 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 Resolution contains a covenant that limits the ability of the Issuer to sell or otherwise dispose of bond-financed property for compensation. Beginning for obligations issued after May 15, 1997 (including certain refunding bonds), or in cases in which an issuer elects to apply new private activity bond regulations, such sale or disposition causes the creation of a class of proceeds referred to as "disposition proceeds." Disposition proceeds, like sale proceeds and investment earnings, are tax-restricted funds. Failure to appropriately account, invest or expend such disposition proceeds would adversely affect the tax-exempt status of the 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 funds. This letter does not address the rebate consequences with respect to the interest and sinking fund and the reserve fund. You should review the memorandum attached to the Federal Tax Certificate as Exhibit "A" for this purpose. If you have certain concerns with respect to the matters discussed in this letter or wish to ask additional questions with regards to certain limitations imposed, please feel free to contact our firm. Thank you for your consideration and we look forward to our continued relationship.

Very truly yours,

McCALL, PARKHURST & HORTON L.L.P

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

Exhibit "D"

ISSUE PRICE CERTIFICATE

The undersigned, as the duly authorized representative of DNT Asset Trust (the "Purchaser") of the Ten Mile Creek System Revenue Refunding Bond, Series 2016 (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 August 1, 2016.

DNT ASSET TRUST

By: _____

Name: _____

Title: _____



John T. Brivley
Authorized Officer

Exhibit "E"

SCHEDULES OF FINANCIAL ADVISOR

[To be attached hereto]

TABLE OF CONTENTS

Ten Mile Creek System
JPM Direct Purchase, Series 2016
JPM indicative rate as of 7/2/2015 of 2.76% / 8/1/2016 Delivery Date
FINAL

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
Summary of Bonds Refunded	8
Escrow Requirements	9
Escrow Cost	10
Aggregate Debt Service	11
Formula Verification	12
Cost of Issuance	13
Prior Bond Debt Service	14
Form 8038 Statistics	15
Proof of Arbitrage Yield	17

SOURCES AND USES OF FUNDS

Ten Mile Creek System
JPM Direct Purchase, Series 2016
JPM indicative rate as of 7/2/2015 of 2.76% / 8/1/2016 Delivery Date
****FINAL****

Dated Date	08/01/2016
Delivery Date	08/01/2016

Sources:

Bond Proceeds:	
Par Amount	12,220,000.00
Other Sources of Funds:	
Transfer from prior DSRF	320,995.19
	<hr/>
	12,540,995.19
	<hr/>

Uses:

Refunding Escrow Deposits:	
Cash Deposit	12,400,000.00
Delivery Date Expenses:	
Cost of Issuance	140,000.00
Other Uses of Funds:	
Additional Proceeds	995.19
	<hr/>
	12,540,995.19
	<hr/>

BOND SUMMARY STATISTICS

Ten Mile Creek System

JPM Direct Purchase, Series 2016

JPM indicative rate as of 7/2/2015 of 2.76% / 8/1/2016 Delivery Date

FINAL

Dated Date	08/01/2016
Delivery Date	08/01/2016
First Coupon	02/01/2017
Last Maturity	08/01/2026

Arbitrage Yield	2.760000%
True Interest Cost (TIC)	2.760000%
Net Interest Cost (NIC)	2.760000%
All-In TIC	2.946647%
Average Coupon	2.760000%

Average Life (years)	6.939
Duration of Issue (years)	6.270

Par Amount	12,220,000.00
Bond Proceeds	12,220,000.00
Total Interest	2,340,480.00
Net Interest	2,340,480.00
Total Debt Service	14,560,480.00
Maximum Annual Debt Service	2,486,792.00
Average Annual Debt Service	1,456,048.00

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	PV of 1 bp change
Serial Bond	12,220,000.00	100.000	2.760%	6.939	7,616.75
	12,220,000.00			6.939	7,616.75

	TIC	All-In TIC	Arbitrage Yield
Par Value	12,220,000.00	12,220,000.00	12,220,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount			
- Cost of Issuance Expense		-140,000.00	
- Other Amounts			
Target Value	12,220,000.00	12,080,000.00	12,220,000.00
Target Date	08/01/2016	08/01/2016	08/01/2016
Yield	2.760000%	2.946647%	2.760000%

BOND PRICING

Ten Mile Creek System
JPM Direct Purchase, Series 2016
JPM indicative rate as of 7/2/2015 of 2.76% / 8/1/2016 Delivery Date
****FINAL****

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Serial Bond:					
	08/01/2017	685,000	2.760%	2.760%	100.000
	08/01/2018	700,000	2.760%	2.760%	100.000
	08/01/2019	715,000	2.760%	2.760%	100.000
	08/01/2020	735,000	2.760%	2.760%	100.000
	08/01/2021	755,000	2.760%	2.760%	100.000
	08/01/2022	785,000	2.760%	2.760%	100.000
	08/01/2023	800,000	2.760%	2.760%	100.000
	08/01/2024	2,280,000	2.760%	2.760%	100.000
	08/01/2025	2,345,000	2.760%	2.760%	100.000
	08/01/2026	2,420,000	2.760%	2.760%	100.000
		12,220,000			

Dated Date	08/01/2016	
Delivery Date	08/01/2016	
First Coupon	02/01/2017	
Par Amount	12,220,000.00	
Original Issue Discount		
Production	12,220,000.00	100.000000%
Underwriter's Discount		
Purchase Price	12,220,000.00	100.000000%
Accrued Interest		
Net Proceeds	12,220,000.00	

BOND DEBT SERVICE**Ten Mile Creek System****JPM Direct Purchase, Series 2016****JPM indicative rate as of 7/2/2015 of 2.76% / 8/1/2016 Delivery Date******FINAL****

Period Ending	Principal	Coupon	Interest	Debt Service
11/30/2017	685,000	2.760%	337,272	1,022,272
11/30/2018	700,000	2.760%	318,366	1,018,366
11/30/2019	715,000	2.760%	299,046	1,014,046
11/30/2020	735,000	2.760%	279,312	1,014,312
11/30/2021	755,000	2.760%	259,026	1,014,026
11/30/2022	785,000	2.760%	238,188	1,023,188
11/30/2023	800,000	2.760%	216,522	1,016,522
11/30/2024	2,280,000	2.760%	194,442	2,474,442
11/30/2025	2,345,000	2.760%	131,514	2,476,514
11/30/2026	2,420,000	2.760%	66,792	2,486,792
	12,220,000		2,340,480	14,560,480

BOND DEBT SERVICE**Ten Mile Creek System****JPM Direct Purchase, Series 2016**

JPM indicative rate as of 7/2/2015 of 2.76% / 8/1/2016 Delivery Date

****FINAL****

Period Ending	Principal	Coupon	Interest	Debt Service
02/01/2017			168,636	168,636
08/01/2017	685,000	2.760%	168,636	853,636
02/01/2018			159,183	159,183
08/01/2018	700,000	2.760%	159,183	859,183
02/01/2019			149,523	149,523
08/01/2019	715,000	2.760%	149,523	864,523
02/01/2020			139,656	139,656
08/01/2020	735,000	2.760%	139,656	874,656
02/01/2021			129,513	129,513
08/01/2021	755,000	2.760%	129,513	884,513
02/01/2022			119,094	119,094
08/01/2022	785,000	2.760%	119,094	904,094
02/01/2023			108,261	108,261
08/01/2023	800,000	2.760%	108,261	908,261
02/01/2024			97,221	97,221
08/01/2024	2,280,000	2.760%	97,221	2,377,221
02/01/2025			65,757	65,757
08/01/2025	2,345,000	2.760%	65,757	2,410,757
02/01/2026			33,396	33,396
08/01/2026	2,420,000	2.760%	33,396	2,453,396
	12,220,000		2,340,480	14,560,480

SUMMARY OF REFUNDING RESULTS

Ten Mile Creek System
JPM Direct Purchase, Series 2016
JPM indicative rate as of 7/2/2015 of 2.76% / 8/1/2016 Delivery Date
****FINAL****

Dated Date	08/01/2016
Delivery Date	08/01/2016
Arbitrage yield	2.760000%
Escrow yield	0.000000%
Value of Negative Arbitrage	
Bond Par Amount	12,220,000.00
True Interest Cost	2.760000%
Net Interest Cost	2.760000%
All-In TIC	2.946647%
Average Coupon	2.760000%
Average Life	6.939
Par amount of refunded bonds	12,400,000.00
Average coupon of refunded bonds	4.350808%
Average life of refunded bonds	7.021
PV of prior debt to 08/01/2016 @ 2.946647%	13,479,643.44
Net PV Savings	1,079,643.44
Percentage savings of refunded bonds	8.706802%
Percentage savings of refunding bonds	8.835053%

SAVINGS

Ten Mile Creek System
JPM Direct Purchase, Series 2016
JPM indicative rate as of 7/2/2015 of 2.76% / 8/1/2016 Delivery Date
FINAL

Date	Prior Debt Service	Refunding Debt Service	Savings	Present Value to 08/01/2016 @ 2.9466474%
11/30/2017	1,185,506.26	1,022,272.00	163,234.26	159,946.79
11/30/2018	1,179,506.26	1,018,366.00	161,140.26	153,311.57
11/30/2019	1,176,031.26	1,014,046.00	161,985.26	149,604.16
11/30/2020	1,176,493.76	1,014,312.00	162,181.76	145,401.96
11/30/2021	1,175,681.26	1,014,026.00	161,655.26	140,688.48
11/30/2022	1,188,593.76	1,023,188.00	165,405.76	139,709.99
11/30/2023	1,179,593.76	1,016,522.00	163,071.76	133,706.57
11/30/2024	2,638,500.00	2,474,442.00	164,058.00	130,550.87
11/30/2025	2,637,000.00	2,476,514.00	160,486.00	123,823.77
11/30/2026	2,651,125.00	2,486,792.00	164,333.00	122,899.27
	16,188,031.32	14,560,480.00	1,627,551.32	1,399,643.44

Savings Summary

PV of savings from cash flow	1,399,643.44
Less: Prior funds on hand	-320,995.19
Plus: Refunding funds on hand	995.19
Net PV Savings	1,079,643.44

SUMMARY OF BONDS REFUNDED

Ten Mile Creek System
JPM Direct Purchase, Series 2016
JPM indicative rate as of 7/2/2015 of 2.76% / 8/1/2016 Delivery Date
FINAL

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
\$15,775,000 Revenue Bonds, Series 2006, 2006:					
SERIAL	08/01/2017	4.000%	650,000.00	08/01/2016	100.000
	08/01/2018	4.250%	670,000.00	08/01/2016	100.000
	08/01/2019	4.250%	695,000.00	08/01/2016	100.000
	08/01/2020	4.250%	725,000.00	08/01/2016	100.000
	08/01/2021	4.250%	755,000.00	08/01/2016	100.000
	08/01/2022	4.250%	800,000.00	08/01/2016	100.000
	08/01/2023	4.375%	825,000.00	08/01/2016	100.000
	08/01/2024	4.375%	2,320,000.00	08/01/2016	100.000
	08/01/2025	4.375%	2,420,000.00	08/01/2016	100.000
	08/01/2026	4.375%	2,540,000.00	08/01/2016	100.000
			12,400,000.00		

ESCROW REQUIREMENTS**Ten Mile Creek System****JPM Direct Purchase, Series 2016****JPM indicative rate as of 7/2/2015 of 2.76% / 8/1/2016 Delivery Date******FINAL****

Period Ending	Principal Redeemed	Total
08/01/2016	12,400,000.00	12,400,000.00
	12,400,000.00	12,400,000.00

ESCROW COST

Ten Mile Creek System

JPM Direct Purchase, Series 2016

JPM indicative rate as of 7/2/2015 of 2.76% / 8/1/2016 Delivery Date

****FINAL****

Purchase Date	Cost of Securities	Cash Deposit	Total Escrow Cost
08/01/2016		12,400,000.00	12,400,000.00
	0	12,400,000.00	12,400,000.00

AGGREGATE DEBT SERVICE

Ten Mile Creek System

JPM Direct Purchase, Series 2016

JPM indicative rate as of 7/2/2015 of 2.76% / 8/1/2016 Delivery Date

****FINAL****

Period Ending	JPM Direct Purchase, Series 2016	Outstanding Parity Debt	Aggregate Debt Service
11/30/2017	1,022,272	8,614,171.26	9,636,443.26
11/30/2018	1,018,366	8,658,026.26	9,676,392.26
11/30/2019	1,014,046	8,550,478.76	9,564,524.76
11/30/2020	1,014,312	8,606,298.76	9,620,610.76
11/30/2021	1,014,026	8,642,446.26	9,656,472.26
11/30/2022	1,023,188	8,644,040.00	9,667,228.00
11/30/2023	1,016,522	8,660,277.50	9,676,799.50
11/30/2024	2,474,442	7,287,527.50	9,761,969.50
11/30/2025	2,476,514	7,294,245.00	9,770,759.00
11/30/2026	2,486,792	7,303,357.50	9,790,149.50
11/30/2027		9,958,720.00	9,958,720.00
11/30/2028		5,224,987.50	5,224,987.50
11/30/2029		5,215,135.00	5,215,135.00
11/30/2030		5,217,205.00	5,217,205.00
11/30/2031		5,229,930.00	5,229,930.00
11/30/2032		4,608,395.00	4,608,395.00
11/30/2033		4,611,330.00	4,611,330.00
11/30/2034		3,836,300.00	3,836,300.00
11/30/2035		1,304,125.00	1,304,125.00
11/30/2036		1,303,125.00	1,303,125.00
	14,560,480	128,770,121.30	143,330,601.30

FORMULA VERIFICATION

Ten Mile Creek System
JPM Direct Purchase, Series 2016
JPM indicative rate as of 7/2/2015 of 2.76% / 8/1/2016 Delivery Date
FINAL

Component	Formula	Value
TRNSFR	7,487,525.25	7,487,525.25
TRNSFR	- (total aggregate Debt Service / 20)	-7,166,530.07
TRNSFR	Transfer from prior DSRF	320,995.19

COST OF ISSUANCE**Ten Mile Creek System****JPM Direct Purchase, Series 2016****JPM indicative rate as of 7/2/2015 of 2.76% / 8/1/2016 Delivery Date******FINAL****

Cost of Issuance	\$/1000	Amount
Financial Advisor	4.35025	53,160.00
Financial Advisor Expenses	0.12275	1,500.00
Bond Counsel	5.77332	70,550.00
Bond Counsel Expenses	0.11834	1,446.08
Bank Counsel Fee	0.81833	10,000.00
Redemption fee	0.02455	300.00
Miscellaneous	0.24909	3,043.92
	11.45663	140,000.00

PRIOR BOND DEBT SERVICE

Ten Mile Creek System

JPM Direct Purchase, Series 2016

JPM indicative rate as of 7/2/2015 of 2.76% / 8/1/2016 Delivery Date

****FINAL****

Period Ending	Principal	Coupon	Interest	Debt Service
02/01/2017			267,753.13	267,753.13
08/01/2017	650,000	4.000%	267,753.13	917,753.13
02/01/2018			254,753.13	254,753.13
08/01/2018	670,000	4.250%	254,753.13	924,753.13
02/01/2019			240,515.63	240,515.63
08/01/2019	695,000	4.250%	240,515.63	935,515.63
02/01/2020			225,746.88	225,746.88
08/01/2020	725,000	4.250%	225,746.88	950,746.88
02/01/2021			210,340.63	210,340.63
08/01/2021	755,000	4.250%	210,340.63	965,340.63
02/01/2022			194,296.88	194,296.88
08/01/2022	800,000	4.250%	194,296.88	994,296.88
02/01/2023			177,296.88	177,296.88
08/01/2023	825,000	4.375%	177,296.88	1,002,296.88
02/01/2024			159,250.00	159,250.00
08/01/2024	2,320,000	4.375%	159,250.00	2,479,250.00
02/01/2025			108,500.00	108,500.00
08/01/2025	2,420,000	4.375%	108,500.00	2,528,500.00
02/01/2026			55,562.50	55,562.50
08/01/2026	2,540,000	4.375%	55,562.50	2,595,562.50
	12,400,000		3,788,031.32	16,188,031.32

FORM 8038 STATISTICS

Ten Mile Creek System
JPM Direct Purchase, Series 2016
JPM indicative rate as of 7/2/2015 of 2.76% / 8/1/2016 Delivery Date
FINAL

Dated Date 08/01/2016
Delivery Date 08/01/2016

Bond Component	Date	Principal	Coupon	Price	Issue Price	Redemption at Maturity
Serial Bond:						
	08/01/2017	685,000.00	2.760%	100.000	685,000.00	685,000.00
	08/01/2018	700,000.00	2.760%	100.000	700,000.00	700,000.00
	08/01/2019	715,000.00	2.760%	100.000	715,000.00	715,000.00
	08/01/2020	735,000.00	2.760%	100.000	735,000.00	735,000.00
	08/01/2021	755,000.00	2.760%	100.000	755,000.00	755,000.00
	08/01/2022	785,000.00	2.760%	100.000	785,000.00	785,000.00
	08/01/2023	800,000.00	2.760%	100.000	800,000.00	800,000.00
	08/01/2024	2,280,000.00	2.760%	100.000	2,280,000.00	2,280,000.00
	08/01/2025	2,345,000.00	2.760%	100.000	2,345,000.00	2,345,000.00
	08/01/2026	2,420,000.00	2.760%	100.000	2,420,000.00	2,420,000.00
		12,220,000.00			12,220,000.00	12,220,000.00

	Maturity Date	Interest Rate	Issue Price	Stated Redemption at Maturity	Weighted Average Maturity	Yield
Final Maturity	08/01/2026	2.760%	2,420,000.00	2,420,000.00		
Entire Issue			12,220,000.00	12,220,000.00	6.9394	2.7600%

Proceeds used for accrued interest	0.00
Proceeds used for bond issuance costs (including underwriters' discount)	140,000.00
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	12,400,000.00
Proceeds used to advance refund prior issues	0.00
Remaining weighted average maturity of the bonds to be currently refunded	7.0019
Remaining weighted average maturity of the bonds to be advance refunded	0.0000

FORM 8038 STATISTICS

Ten Mile Creek System

JPM Direct Purchase, Series 2016

JPM indicative rate as of 7/2/2015 of 2.76% / 8/1/2016 Delivery Date

FINAL

Refunded Bonds

Bond Component	Date	Principal	Coupon	Price	Issue Price
\$15,775,000 Revenue Bonds, Series 2006:					
SERIAL	08/01/2017	650,000.00	4.000%	99.473	646,574.50
SERIAL	08/01/2018	670,000.00	4.250%	100.718	674,810.60
SERIAL	08/01/2019	695,000.00	4.250%	100.155	696,077.25
SERIAL	08/01/2020	725,000.00	4.250%	99.787	723,455.75
SERIAL	08/01/2021	755,000.00	4.250%	99.017	747,578.35
SERIAL	08/01/2022	800,000.00	4.250%	98.295	786,360.00
SERIAL	08/01/2023	825,000.00	4.375%	99.112	817,674.00
SERIAL	08/01/2024	2,320,000.00	4.375%	98.713	2,290,141.60
SERIAL	08/01/2025	2,420,000.00	4.375%	98.292	2,378,666.40
SERIAL	08/01/2026	2,540,000.00	4.375%	97.978	2,488,641.20
		12,400,000.00			12,249,979.65
			Last Call Date	Issue Date	Remaining Weighted Average Maturity
\$15,775,000 Revenue Bonds, Series 2006			08/01/2016	09/19/2006	7.0019
All Refunded Issues			08/01/2016		7.0019

PROOF OF ARBITRAGE YIELD

Ten Mile Creek System
JPM Direct Purchase, Series 2016
JPM indicative rate as of 7/2/2015 of 2.76% / 8/1/2016 Delivery Date
FINAL

Date	Debt Service	PV Factor	Present Value to 08/01/2016 @ 2.7600000000%
02/01/2017	168,636.00	0.986387848	166,340.50
08/01/2017	853,636.00	0.972960986	830,554.52
02/01/2018	159,183.00	0.959716893	152,770.61
08/01/2018	859,183.00	0.946653080	813,348.23
02/01/2019	149,523.00	0.933767095	139,619.66
08/01/2019	864,523.00	0.921056515	796,274.54
02/01/2020	139,656.00	0.908518953	126,880.12
08/01/2020	874,656.00	0.896152055	783,824.77
02/01/2021	129,513.00	0.883953496	114,483.47
08/01/2021	884,513.00	0.871920987	771,225.45
02/01/2022	119,094.00	0.860052266	102,427.06
08/01/2022	904,094.00	0.848345103	766,983.72
02/01/2023	108,261.00	0.836797300	90,592.51
08/01/2023	908,261.00	0.825406688	749,684.70
02/01/2024	97,221.00	0.814171127	79,154.53
08/01/2024	2,377,221.00	0.803088505	1,909,118.86
02/01/2025	65,757.00	0.792156742	52,089.85
08/01/2025	2,410,757.00	0.781373784	1,883,702.32
02/01/2026	33,396.00	0.770737605	25,739.55
08/01/2026	2,453,396.00	0.760246207	1,865,185.00
14,560,480.00			12,220,000.00

Proceeds Summary

Delivery date	08/01/2016
Par Value	12,220,000.00
Target for yield calculation	12,220,000.00

PAYING AGENT/REGISTRAR AGREEMENT

THIS AGREEMENT entered into as of August 1, 2016 (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 Ten Mile Creek System Revenue Refunding Bond, Series 2016 (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 Authorized Officer

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

TRINITY RIVER AUTHORITY OF TEXAS

By _____
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  _____
General Manager

5300 S. Collins, Arlington, Texas 76018

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

August 1, 2016

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 Ten Mile Creek System Revenue Refunding Bond, Series 2016, dated August 1, 2016 (the "Bond")

Ladies and Gentlemen:

This opinion from us, as legal counsel to Trinity River Authority of Texas, is given in connection with the above referenced Bonds, authorized by resolution No. R-1427 (the "Bond Resolution"), adopted by the Board of Directors of Trinity River Authority of Texas (the "Authority") on June 24, 2015.

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 and the Authority's Ten Mile Creek System Revenue Bonds, Series 2006; Ten Mile Creek System Revenue Bonds, Series 2007; Ten Mile Creek System Revenue Bonds, Series 2010; Ten Mile Creek System Revenue Refunding Bonds, Series 2010; Ten Mile Creek System Revenue Bonds, Series 2011; Ten Mile Creek System Revenue Refunding Bonds, Series 2012; Ten Mile Creek System Revenue Bonds, Series 2013 and the Ten Mile Creek System Revenue Refunding Bonds, Series 2015, to be outstanding after the issuance of the Bonds, and to make the deposits into the Reserve Fund as required under the Bond Resolution.

Respectfully submitted,

McCALL, PARKHURST & HORTON L.L.P.

By



Jeff Gulbas

LAW OFFICES

MCCALL, PARKHURST & HORTON L.L.P.

600 CONGRESS AVENUE
SUITE 1800
AUSTIN, TEXAS 78701-3248
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SUITE 1525
SAN ANTONIO, TEXAS 78205-3503
TELEPHONE: 210 225-2800
FACSIMILE: 210 225-2984

August 1, 2016

**TRINITY RIVER AUTHORITY OF TEXAS
TEN MILE CREEK SYSTEM REVENUE REFUNDING BOND, SERIES 2016**

IN THE AGGREGATE PRINCIPAL AMOUNT OF \$12,220,000,000

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 matures and bears interest from the dates specified in the text of the Bond, until maturity, at the rate and payable on the dates as stated in the text of the Bond, all as provided in the resolution of the Issuer authorizing the issuance of the Bond (the "Bond Resolution").

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

BASED ON SAID EXAMINATION, it is our opinion that the Bond has been authorized, issued and duly delivered in accordance with law; and that except as may be limited by laws applicable to the Issuer relating to federal bankruptcy laws and any other similar laws affecting the rights of creditors of political subdivisions generally, which rights may be limited by general principles of equity which permit the exercise of judicial discretion, (i) the covenants and agreements in the Bond Resolution constitute valid and binding special obligations 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, which include the "Net Revenues" of the Issuer's Ten Mile Creek System (the "System"), and includes payments and amounts derived by the Issuer from various contracts styled "Ten Mile Creek Regional Wastewater System Contract," dated December 1, 1983 between the Issuer and the Cities of Cedar Hill, DeSoto, Duncanville, Ferris, and Lancaster, Texas and (ii) said contracts are authorized by law, have been duly executed, are valid, and are legally binding upon and enforceable by the parties thereto in accordance with their terms and provisions.

THE ISSUER has reserved the right, subject to the restrictions stated in the Bond Resolution, to issue additional parity revenue bonds which also may be 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 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 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 the sufficiency certificate of Hilltop Securities Inc. certain representations, the accuracy of which we have not independently verified, and assume compliance with certain covenants, regarding the use and investment of the proceeds of the Bond and the use of the property financed therewith. We call your attention to the fact that if such representations are determined to be inaccurate or upon a failure by the Issuer to comply with such covenants, interest on the Bond may become includable in gross income retroactively to the date of issuance of the Bond.

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 Parties (as defined in the Bond Resolution), or the adequacy of the Pledged Revenues, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Bond and have relied solely on certificates

executed by officials of the Issuer as to the current outstanding indebtedness of, and sufficiency of the Pledged Revenues.

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

Respectfully,

McCally Parkhurst & Horton L.L.P.

Information Return for Tax-Exempt Governmental Obligations

► Under Internal Revenue Code section 149(e)

► See separate instructions.

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

OMB No. 1545-0720

Part I Reporting Authority		If Amended Return, check here <input type="checkbox"/>	
1 Issuer's name Trinity River Authority of Texas		2 Issuer's employer identification number (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 08/01/2016	
8 Name of issue Ten Mile Creek System Revenue Refunding Bond, Series 2015		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	12,220,000
18 Other. Describe ►	18	
19 If obligations are TANs or RANs, check only box 19a <input type="checkbox"/>		
If obligations are BANs, check only box 19b <input type="checkbox"/>		
20 If obligations are in the form of a lease or installment sale, check box <input type="checkbox"/>		

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

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	08/01/2026	\$ 12,220,000	\$ 12,220,000	6.93 years	2.7600 %

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	12,220,000
24 Proceeds used for bond issuance costs (including underwriters' discount)	24	140,000
25 Proceeds used for credit enhancement	25	-0-
26 Proceeds allocated to reasonably required reserve or replacement fund	26	-0-
27 Proceeds used to currently refund prior issues	27	12,079,005
28 Proceeds used to advance refund prior issues	28	-0-
29 Total (add lines 24 through 28)	29	12,219,005
30 Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	30	995

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	7.00	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)	08/01/2016	
34 Enter the date(s) the refunded bonds were issued (MM/DD/YYYY)	09/19/2006	

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 63773S

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

Part VI Miscellaneous

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

Signature and Consent

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

Signature of issuer's authorized representative

Date

J. Kevin Ward, General Manager

Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name

Harold T. Flanagan

Preparer's signature

Date

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

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.

THIS BOND IS A NON-NEGOTIABLE INSTRUMENT

NO. R-1	UNITED STATES OF AMERICA STATE OF TEXAS TRINITY RIVER AUTHORITY OF TEXAS TEN MILE CREEK SYSTEM REVENUE REFUNDING BOND, SERIES 2016	PRINCIPAL AMOUNT \$12,220,000
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<u>INTEREST RATE</u>	<u>DATE OF DELIVERY</u>	<u>MATURITY DATE</u>	<u>CUSIP</u>
2.760%	August 1, 2016	August 1, 2026	N/A

REGISTERED OWNER: DNT ASSET TRUST

PRINCIPAL AMOUNT: TWELVE MILLION TWO HUNDRED TWENTY 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 February 1, 2017 and semiannually thereafter on each August 1 and February 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 4.337% 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 August 1, 2016 and has been authorized in accordance with the Constitution and laws of the State of Texas in the principal amount of \$12,220,000, IN ORDER TO OBTAIN FUNDS TO PAY THE COSTS OF REFUNDING CERTAIN MATURITIES OF THE ISSUER'S OUTSTANDING TRINITY RIVER AUTHORITY OF TEXAS TEN MILE CREEK SYSTEM REVENUE BONDS, SERIES 2006.

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 August 1 of each year and in the respective principal amounts, set forth in the following schedule:

<u>Year</u>	<u>Principal Amount</u>
2017	\$685,000
2018	\$700,000
2019	\$715,000
2020	\$735,000
2021	\$755,000
2022	\$785,000
2023	\$800,000
2024	\$2,280,000
2025	\$2,345,000
2026*	\$2,420,000

* 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 and other parity bonds, are special obligations of the Issuer payable from and secured by a first lien on and pledge of the "Pledged Revenues", as defined in the Bond Resolution, which include the "Net Revenues of the Ten Mile Creek System", as defined in the Bond Resolution, and include payments received by the Issuer pursuant to the "Ten Mile Creek Regional Wastewater System Contract" dated December 1, 1983, among the Issuer and the Cities of Cedar Hill, DeSoto, Duncanville, Ferris, and Lancaster, Texas.

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

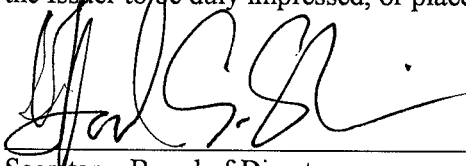
THE ISSUER also has reserved the right to amend the Bond Resolution with the approval of the owners of a majority in principal amount of all outstanding bonds secured by and payable from a first lien on and pledge of the aforesaid Pledged Revenues, subject to the restrictions stated in the Bond Resolution.

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

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

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

Dated

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

By _____
Authorized Representative

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

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.

TRINITY RIVER AUTHORITY OF TEXAS

August 1, 2016

The Bank of New York Mellon Trust Company, N.A.
2001 Bryan Street, 11th Floor
Dallas, Texas 75201

Re: \$12,220,000 TRINITY RIVER AUTHORITY OF TEXAS TEN MILE CREEK SYSTEM
REVENUE REFUNDING BOND, SERIES 2016

Ladies and Gentlemen:

Trinity River Authority of Texas, the Issuer of the \$12,220,000 Trinity River Authority of Texas Ten Mile Creek System Revenue Refunding Bond, Series 2016 (the "Bond") has previously designated your bank as the place, and as their agent, for the payment of its Trinity River Authority of Texas Ten Mile Creek System Revenue Bonds, Series 2006 (the "Refunded Bonds") which are being refunded and defeased by the Bond.

As the paying agent for the Refunded Bonds, you are further authorized and directed to cause the proceeds of the Bond, and the cash to be sent to you by the Issuer for payment of the Refunded Bonds, to be distributed and deposited in accordance with the attached Closing Memorandum.

Sincerely yours,

Trinity River Authority of Texas

By: 
Alison Mackey, Chief Financial Officer

Memorandum

1201 Elm Street 35th Floor
Dallas, TX 75270

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

Mary Williams
Managing Director
mary.williams@hilltopsecurities.com

Date: August 1, 2016
To: Working Group Distribution
Subject: **Trinity River Authority of Texas**
\$12,220,000 Ten Mile Creek System Revenue Refunding Bonds, Series 2016 (the “Bond”)

Sources:

Par Amount of Bond Proceeds	\$ 12,220,000.00
Transfer from prior Debt Service Reserve Fund	<u>320,995.19</u>
	\$ 12,540,995.19

Uses:

Cash Deposit of Refunding Escrow	\$ 12,400,000.00
Costs of Issuance ⁽¹⁾	<u>140,995.19</u>
	\$ 12,540,995.19

⁽¹⁾Includes Additional Proceeds of \$995.19

Friday, July 29, 2016

TRA will wire to Bank of New York Mellon, N.A. the amount of **\$900,153.13** representing the August 1, 2016 debt service payment for the Ten Mile Creek System Revenue Bonds, Series 2006 (the “Refunded Bonds”) in the principal payment of \$620,000.00 and August 1, 2016 interest payment of \$280,153.13 to the following account:

The Bank of New York
ABA# 021-000-018
IMMS # 4417058400
Ref: TRA Ten Mile Creek System Srs 2016
Attn: Sharda Bieganski (214) 468-6411

Monday, August 1, 2016

TRA will wire to Bank of New York Mellon, N.A. the amount of **\$320,995.19** representing the contribution from the reserve fund for the Refunded Bonds to the following account:

The Bank of New York
ABA# 021-000-018
IMMS # 4417058400
Ref: TRA Ten Mile Creek System Srs 2016
Attn: Sharda Bieganski (214) 468-6411

JPMorgan will wire **\$12,220,000.00** to Bank of New York Mellon, N.A. representing the purchase price for the Bond to the following account:

The Bank of New York
ABA# 021-000-018
IMMS # 4417058400
Ref: TRA Ten Mile Creek System Srs 2016
Attn: Sharda Bieganski (214) 468-6411

Bank of New York will receive a total of \$13,441,148.32 from the above two different wires:

1. Bank of New York Mellon, N.A. will apply the amount of **\$900,153.13** to make the August 1, 2016 debt service payment for the Refunded Bonds in the principal payment of \$620,000.00 and the August 1, 2016 interest payment of \$280,153.13.
2. Bank of New York Mellon, N.A. will apply the amount of **\$12,400,000.00** to redeem the Refunded Bonds.
3. Proceeds of the Refunding Bond totaling **\$12,079,004.81**, together with a transfer from the debt service reserve fund for the Refunded Bonds in the amount of \$320,995.19, represent the outstanding principal balance of the Refunded Bonds of **\$12,400,000.00**.
4. Bank of New York will wire the remaining **\$140,995.19** in cost of issuance funds as follows:
 - a. Bank of New York will send a wire to the Financial Advisor, FirstSouthwest, for the total amount of **\$54,660.00** representing the Financial Advisor fee and expenses as shown in Exhibit A. The wiring instructions for FSC are as follows:

JPMorgan Chase Bank, N.A.
ABA# 021-000-021
Beneficiary: Hilltop Securities Inc.
Acct. # 088-0507-6955
Attention: Settlement Dept
For Client Acct: 0250-116
Client Name: TRA Ten Mile Creek System

- b. Bank of New York send a wire to the Bond Counsel, McCall, Parkhurst & Horton L.L.P., in the amount of **\$71,996.08** representing the Bond Counsel fee and expenses. The wiring instructions for McCall, Parkhurst & Horton L.L.P. are as follows:

Plains Capital Bank
ABA#: 1113-2299-4
Reference #: 2512.199/TRA Ten Mile Creek System
Acct. #: 4000001208 (for credit to McCall, Parkhurst & Horton Operating Account)

- c. Bank of New York 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
Acct #: 650038164
Acct Name: Kelly Hart & Hallman LLP

Bank Contact Name: Shanon Frank
Bank Contact Phone: (817) 810-5429

- d. Bank of New York will retain **\$300.00** for the redemption fee on the refunded bonds.
- e. Bank of New York will wire the remaining balance of **\$4,039.11** representing rounding amount and miscellaneous costs of issuance to TRA.

Wells Fargo Bank
ABA#: 121000248
Acct #: 3012593020
Acct Name: TRA General Disbursement

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.....	\$ 53,160.00
Financial Advisory Expenses.....	1,500.00
Bond Counsel.....	70,550.00
Bond Counsel Expenses.....	1,446.08
Bank Counsel fee.....	10,000.00
Redemption of Refunded Bonds (BONY).....	300.00
Miscellaneous.....	3,043.92
Total	\$ 140,000.00

WORKING GROUP DISTRIBUTION LIST

ISSUER

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Fort Worth, TX 76102

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Telephone: (817) 878-3536

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

PAYING AGENT ON THE REFUNDED BONDS

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

2001 Bryan Street, 11th Floor
Dallas, Texas 75201

Sharda Bieganski sharda.bieganski@bnymellon.com
Telephone: (214) 468-6411

TABLE OF CONTENTS

Ten Mile Creek System
JPM Direct Purchase, Series 2016
JPM indicative rate as of 7/2/2015 of 2.76% / 8/1/2016 Delivery Date
FINAL

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
Summary of Bonds Refunded	8
Escrow Requirements	9
Escrow Cost	10
Aggregate Debt Service	11
Formula Verification	12
Cost of Issuance	13
Prior Bond Debt Service	14
Form 8038 Statistics	15
Proof of Arbitrage Yield	17

SOURCES AND USES OF FUNDS

Ten Mile Creek System
JPM Direct Purchase, Series 2016
JPM indicative rate as of 7/2/2015 of 2.76% / 8/1/2016 Delivery Date
FINAL

Dated Date	08/01/2016
Delivery Date	08/01/2016

Sources:

Bond Proceeds:	
Par Amount	12,220,000.00
Other Sources of Funds:	
Transfer from prior DSRF	320,995.19
	<hr/>
	12,540,995.19
	<hr/>

Uses:

Refunding Escrow Deposits:	
Cash Deposit	12,400,000.00
Delivery Date Expenses:	
Cost of Issuance	140,000.00
Other Uses of Funds:	
Additional Proceeds	995.19
	<hr/>
	12,540,995.19
	<hr/>

BOND SUMMARY STATISTICS

Ten Mile Creek System

JPM Direct Purchase, Series 2016

JPM indicative rate as of 7/2/2015 of 2.76% / 8/1/2016 Delivery Date

FINAL

Dated Date	08/01/2016
Delivery Date	08/01/2016
First Coupon	02/01/2017
Last Maturity	08/01/2026

Arbitrage Yield	2.760000%
True Interest Cost (TIC)	2.760000%
Net Interest Cost (NIC)	2.760000%
All-In TIC	2.946647%
Average Coupon	2.760000%

Average Life (years)	6.939
Duration of Issue (years)	6.270

Par Amount	12,220,000.00
Bond Proceeds	12,220,000.00
Total Interest	2,340,480.00
Net Interest	2,340,480.00
Total Debt Service	14,560,480.00
Maximum Annual Debt Service	2,486,792.00
Average Annual Debt Service	1,456,048.00

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	PV of 1 bp change
Serial Bond	12,220,000.00	100.000	2.760%	6.939	7,616.75
	12,220,000.00			6.939	7,616.75

	TIC	All-In TIC	Arbitrage Yield
Par Value	12,220,000.00	12,220,000.00	12,220,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount			
- Cost of Issuance Expense		-140,000.00	
- Other Amounts			
Target Value	12,220,000.00	12,080,000.00	12,220,000.00
Target Date	08/01/2016	08/01/2016	08/01/2016
Yield	2.760000%	2.946647%	2.760000%

BOND PRICING

Ten Mile Creek System
JPM Direct Purchase, Series 2016
JPM indicative rate as of 7/2/2015 of 2.76% / 8/1/2016 Delivery Date
****FINAL****

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Serial Bond:					
	08/01/2017	685,000	2.760%	2.760%	100.000
	08/01/2018	700,000	2.760%	2.760%	100.000
	08/01/2019	715,000	2.760%	2.760%	100.000
	08/01/2020	735,000	2.760%	2.760%	100.000
	08/01/2021	755,000	2.760%	2.760%	100.000
	08/01/2022	785,000	2.760%	2.760%	100.000
	08/01/2023	800,000	2.760%	2.760%	100.000
	08/01/2024	2,280,000	2.760%	2.760%	100.000
	08/01/2025	2,345,000	2.760%	2.760%	100.000
	08/01/2026	2,420,000	2.760%	2.760%	100.000
		12,220,000			

Dated Date	08/01/2016	
Delivery Date	08/01/2016	
First Coupon	02/01/2017	
Par Amount	12,220,000.00	
Original Issue Discount		
Production	12,220,000.00	100.000000%
Underwriter's Discount		
Purchase Price	12,220,000.00	100.000000%
Accrued Interest		
Net Proceeds	12,220,000.00	

BOND DEBT SERVICE**Ten Mile Creek System****JPM Direct Purchase, Series 2016****JPM indicative rate as of 7/2/2015 of 2.76% / 8/1/2016 Delivery Date******FINAL****

Period Ending	Principal	Coupon	Interest	Debt Service
11/30/2017	685,000	2.760%	337,272	1,022,272
11/30/2018	700,000	2.760%	318,366	1,018,366
11/30/2019	715,000	2.760%	299,046	1,014,046
11/30/2020	735,000	2.760%	279,312	1,014,312
11/30/2021	755,000	2.760%	259,026	1,014,026
11/30/2022	785,000	2.760%	238,188	1,023,188
11/30/2023	800,000	2.760%	216,522	1,016,522
11/30/2024	2,280,000	2.760%	194,442	2,474,442
11/30/2025	2,345,000	2.760%	131,514	2,476,514
11/30/2026	2,420,000	2.760%	66,792	2,486,792
	12,220,000		2,340,480	14,560,480

BOND DEBT SERVICE**Ten Mile Creek System****JPM Direct Purchase, Series 2016**

JPM indicative rate as of 7/2/2015 of 2.76% / 8/1/2016 Delivery Date

****FINAL****

Period Ending	Principal	Coupon	Interest	Debt Service
02/01/2017			168,636	168,636
08/01/2017	685,000	2.760%	168,636	853,636
02/01/2018			159,183	159,183
08/01/2018	700,000	2.760%	159,183	859,183
02/01/2019			149,523	149,523
08/01/2019	715,000	2.760%	149,523	864,523
02/01/2020			139,656	139,656
08/01/2020	735,000	2.760%	139,656	874,656
02/01/2021			129,513	129,513
08/01/2021	755,000	2.760%	129,513	884,513
02/01/2022			119,094	119,094
08/01/2022	785,000	2.760%	119,094	904,094
02/01/2023			108,261	108,261
08/01/2023	800,000	2.760%	108,261	908,261
02/01/2024			97,221	97,221
08/01/2024	2,280,000	2.760%	97,221	2,377,221
02/01/2025			65,757	65,757
08/01/2025	2,345,000	2.760%	65,757	2,410,757
02/01/2026			33,396	33,396
08/01/2026	2,420,000	2.760%	33,396	2,453,396
	12,220,000		2,340,480	14,560,480

SUMMARY OF REFUNDING RESULTS

Ten Mile Creek System
JPM Direct Purchase, Series 2016
JPM indicative rate as of 7/2/2015 of 2.76% / 8/1/2016 Delivery Date
****FINAL****

Dated Date	08/01/2016
Delivery Date	08/01/2016
Arbitrage yield	2.760000%
Escrow yield	0.000000%
Value of Negative Arbitrage	
Bond Par Amount	12,220,000.00
True Interest Cost	2.760000%
Net Interest Cost	2.760000%
All-In TIC	2.946647%
Average Coupon	2.760000%
Average Life	6.939
Par amount of refunded bonds	12,400,000.00
Average coupon of refunded bonds	4.350808%
Average life of refunded bonds	7.021
PV of prior debt to 08/01/2016 @ 2.946647%	13,479,643.44
Net PV Savings	1,079,643.44
Percentage savings of refunded bonds	8.706802%
Percentage savings of refunding bonds	8.835053%

SAVINGS

Ten Mile Creek System
JPM Direct Purchase, Series 2016
JPM indicative rate as of 7/2/2015 of 2.76% / 8/1/2016 Delivery Date
FINAL

Date	Prior Debt Service	Refunding Debt Service	Savings	Present Value to 08/01/2016 @ 2.9466474%
11/30/2017	1,185,506.26	1,022,272.00	163,234.26	159,946.79
11/30/2018	1,179,506.26	1,018,366.00	161,140.26	153,311.57
11/30/2019	1,176,031.26	1,014,046.00	161,985.26	149,604.16
11/30/2020	1,176,493.76	1,014,312.00	162,181.76	145,401.96
11/30/2021	1,175,681.26	1,014,026.00	161,655.26	140,688.48
11/30/2022	1,188,593.76	1,023,188.00	165,405.76	139,709.99
11/30/2023	1,179,593.76	1,016,522.00	163,071.76	133,706.57
11/30/2024	2,638,500.00	2,474,442.00	164,058.00	130,550.87
11/30/2025	2,637,000.00	2,476,514.00	160,486.00	123,823.77
11/30/2026	2,651,125.00	2,486,792.00	164,333.00	122,899.27
	16,188,031.32	14,560,480.00	1,627,551.32	1,399,643.44

Savings Summary

PV of savings from cash flow	1,399,643.44
Less: Prior funds on hand	-320,995.19
Plus: Refunding funds on hand	995.19
Net PV Savings	1,079,643.44

SUMMARY OF BONDS REFUNDED

Ten Mile Creek System
JPM Direct Purchase, Series 2016
JPM indicative rate as of 7/2/2015 of 2.76% / 8/1/2016 Delivery Date
FINAL

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
\$15,775,000 Revenue Bonds, Series 2006, 2006:					
SERIAL	08/01/2017	4.000%	650,000.00	08/01/2016	100.000
	08/01/2018	4.250%	670,000.00	08/01/2016	100.000
	08/01/2019	4.250%	695,000.00	08/01/2016	100.000
	08/01/2020	4.250%	725,000.00	08/01/2016	100.000
	08/01/2021	4.250%	755,000.00	08/01/2016	100.000
	08/01/2022	4.250%	800,000.00	08/01/2016	100.000
	08/01/2023	4.375%	825,000.00	08/01/2016	100.000
	08/01/2024	4.375%	2,320,000.00	08/01/2016	100.000
	08/01/2025	4.375%	2,420,000.00	08/01/2016	100.000
	08/01/2026	4.375%	2,540,000.00	08/01/2016	100.000
			12,400,000.00		

ESCROW REQUIREMENTS**Ten Mile Creek System****JPM Direct Purchase, Series 2016****JPM indicative rate as of 7/2/2015 of 2.76% / 8/1/2016 Delivery Date******FINAL****

Period Ending	Principal Redeemed	Total
08/01/2016	12,400,000.00	12,400,000.00
	12,400,000.00	12,400,000.00

ESCROW COST

Ten Mile Creek System

JPM Direct Purchase, Series 2016

JPM indicative rate as of 7/2/2015 of 2.76% / 8/1/2016 Delivery Date

****FINAL****

Purchase Date	Cost of Securities	Cash Deposit	Total Escrow Cost
08/01/2016		12,400,000.00	12,400,000.00
	0	12,400,000.00	12,400,000.00

AGGREGATE DEBT SERVICE

Ten Mile Creek System

JPM Direct Purchase, Series 2016

JPM indicative rate as of 7/2/2015 of 2.76% / 8/1/2016 Delivery Date

****FINAL****

Period Ending	JPM Direct Purchase, Series 2016	Outstanding Parity Debt	Aggregate Debt Service
11/30/2017	1,022,272	8,614,171.26	9,636,443.26
11/30/2018	1,018,366	8,658,026.26	9,676,392.26
11/30/2019	1,014,046	8,550,478.76	9,564,524.76
11/30/2020	1,014,312	8,606,298.76	9,620,610.76
11/30/2021	1,014,026	8,642,446.26	9,656,472.26
11/30/2022	1,023,188	8,644,040.00	9,667,228.00
11/30/2023	1,016,522	8,660,277.50	9,676,799.50
11/30/2024	2,474,442	7,287,527.50	9,761,969.50
11/30/2025	2,476,514	7,294,245.00	9,770,759.00
11/30/2026	2,486,792	7,303,357.50	9,790,149.50
11/30/2027		9,958,720.00	9,958,720.00
11/30/2028		5,224,987.50	5,224,987.50
11/30/2029		5,215,135.00	5,215,135.00
11/30/2030		5,217,205.00	5,217,205.00
11/30/2031		5,229,930.00	5,229,930.00
11/30/2032		4,608,395.00	4,608,395.00
11/30/2033		4,611,330.00	4,611,330.00
11/30/2034		3,836,300.00	3,836,300.00
11/30/2035		1,304,125.00	1,304,125.00
11/30/2036		1,303,125.00	1,303,125.00
	14,560,480	128,770,121.30	143,330,601.30

FORMULA VERIFICATION

Ten Mile Creek System
JPM Direct Purchase, Series 2016
JPM indicative rate as of 7/2/2015 of 2.76% / 8/1/2016 Delivery Date
FINAL

Component	Formula	Value
TRNSFR	7,487,525.25	7,487,525.25
TRNSFR	- (total aggregate Debt Service / 20)	-7,166,530.07
TRNSFR	Transfer from prior DSRF	320,995.19

COST OF ISSUANCE**Ten Mile Creek System****JPM Direct Purchase, Series 2016****JPM indicative rate as of 7/2/2015 of 2.76% / 8/1/2016 Delivery Date******FINAL****

Cost of Issuance	\$/1000	Amount
Financial Advisor	4.35025	53,160.00
Financial Advisor Expenses	0.12275	1,500.00
Bond Counsel	5.77332	70,550.00
Bond Counsel Expenses	0.11834	1,446.08
Bank Counsel Fee	0.81833	10,000.00
Redemption fee	0.02455	300.00
Miscellaneous	0.24909	3,043.92
	11.45663	140,000.00

PRIOR BOND DEBT SERVICE

Ten Mile Creek System

JPM Direct Purchase, Series 2016

JPM indicative rate as of 7/2/2015 of 2.76% / 8/1/2016 Delivery Date

FINAL

Period Ending	Principal	Coupon	Interest	Debt Service
02/01/2017			267,753.13	267,753.13
08/01/2017	650,000	4.000%	267,753.13	917,753.13
02/01/2018			254,753.13	254,753.13
08/01/2018	670,000	4.250%	254,753.13	924,753.13
02/01/2019			240,515.63	240,515.63
08/01/2019	695,000	4.250%	240,515.63	935,515.63
02/01/2020			225,746.88	225,746.88
08/01/2020	725,000	4.250%	225,746.88	950,746.88
02/01/2021			210,340.63	210,340.63
08/01/2021	755,000	4.250%	210,340.63	965,340.63
02/01/2022			194,296.88	194,296.88
08/01/2022	800,000	4.250%	194,296.88	994,296.88
02/01/2023			177,296.88	177,296.88
08/01/2023	825,000	4.375%	177,296.88	1,002,296.88
02/01/2024			159,250.00	159,250.00
08/01/2024	2,320,000	4.375%	159,250.00	2,479,250.00
02/01/2025			108,500.00	108,500.00
08/01/2025	2,420,000	4.375%	108,500.00	2,528,500.00
02/01/2026			55,562.50	55,562.50
08/01/2026	2,540,000	4.375%	55,562.50	2,595,562.50
	12,400,000		3,788,031.32	16,188,031.32

FORM 8038 STATISTICS

Ten Mile Creek System
JPM Direct Purchase, Series 2016
JPM indicative rate as of 7/2/2015 of 2.76% / 8/1/2016 Delivery Date
FINAL

Dated Date 08/01/2016
Delivery Date 08/01/2016

Bond Component	Date	Principal	Coupon	Price	Issue Price	Redemption at Maturity
Serial Bond:						
	08/01/2017	685,000.00	2.760%	100.000	685,000.00	685,000.00
	08/01/2018	700,000.00	2.760%	100.000	700,000.00	700,000.00
	08/01/2019	715,000.00	2.760%	100.000	715,000.00	715,000.00
	08/01/2020	735,000.00	2.760%	100.000	735,000.00	735,000.00
	08/01/2021	755,000.00	2.760%	100.000	755,000.00	755,000.00
	08/01/2022	785,000.00	2.760%	100.000	785,000.00	785,000.00
	08/01/2023	800,000.00	2.760%	100.000	800,000.00	800,000.00
	08/01/2024	2,280,000.00	2.760%	100.000	2,280,000.00	2,280,000.00
	08/01/2025	2,345,000.00	2.760%	100.000	2,345,000.00	2,345,000.00
	08/01/2026	2,420,000.00	2.760%	100.000	2,420,000.00	2,420,000.00
		12,220,000.00			12,220,000.00	12,220,000.00

	Maturity Date	Interest Rate	Issue Price	Stated Redemption at Maturity	Weighted Average Maturity	Yield
Final Maturity	08/01/2026	2.760%	2,420,000.00	2,420,000.00		
Entire Issue			12,220,000.00	12,220,000.00	6.9394	2.7600%

Proceeds used for accrued interest	0.00
Proceeds used for bond issuance costs (including underwriters' discount)	140,000.00
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	12,400,000.00
Proceeds used to advance refund prior issues	0.00
Remaining weighted average maturity of the bonds to be currently refunded	7.0019
Remaining weighted average maturity of the bonds to be advance refunded	0.0000

FORM 8038 STATISTICS

Ten Mile Creek System

JPM Direct Purchase, Series 2016

JPM indicative rate as of 7/2/2015 of 2.76% / 8/1/2016 Delivery Date

FINAL

Refunded Bonds

Bond Component	Date	Principal	Coupon	Price	Issue Price
\$15,775,000 Revenue Bonds, Series 2006:					
SERIAL	08/01/2017	650,000.00	4.000%	99.473	646,574.50
SERIAL	08/01/2018	670,000.00	4.250%	100.718	674,810.60
SERIAL	08/01/2019	695,000.00	4.250%	100.155	696,077.25
SERIAL	08/01/2020	725,000.00	4.250%	99.787	723,455.75
SERIAL	08/01/2021	755,000.00	4.250%	99.017	747,578.35
SERIAL	08/01/2022	800,000.00	4.250%	98.295	786,360.00
SERIAL	08/01/2023	825,000.00	4.375%	99.112	817,674.00
SERIAL	08/01/2024	2,320,000.00	4.375%	98.713	2,290,141.60
SERIAL	08/01/2025	2,420,000.00	4.375%	98.292	2,378,666.40
SERIAL	08/01/2026	2,540,000.00	4.375%	97.978	2,488,641.20
		12,400,000.00			12,249,979.65
			Last Call Date	Issue Date	Remaining Weighted Average Maturity
\$15,775,000 Revenue Bonds, Series 2006			08/01/2016	09/19/2006	7.0019
All Refunded Issues			08/01/2016		7.0019

PROOF OF ARBITRAGE YIELD

Ten Mile Creek System
JPM Direct Purchase, Series 2016
JPM indicative rate as of 7/2/2015 of 2.76% / 8/1/2016 Delivery Date
FINAL

Date	Debt Service	PV Factor	Present Value to 08/01/2016 @ 2.7600000000%
02/01/2017	168,636.00	0.986387848	166,340.50
08/01/2017	853,636.00	0.972960986	830,554.52
02/01/2018	159,183.00	0.959716893	152,770.61
08/01/2018	859,183.00	0.946653080	813,348.23
02/01/2019	149,523.00	0.933767095	139,619.66
08/01/2019	864,523.00	0.921056515	796,274.54
02/01/2020	139,656.00	0.908518953	126,880.12
08/01/2020	874,656.00	0.896152055	783,824.77
02/01/2021	129,513.00	0.883953496	114,483.47
08/01/2021	884,513.00	0.871920987	771,225.45
02/01/2022	119,094.00	0.860052266	102,427.06
08/01/2022	904,094.00	0.848345103	766,983.72
02/01/2023	108,261.00	0.836797300	90,592.51
08/01/2023	908,261.00	0.825406688	749,684.70
02/01/2024	97,221.00	0.814171127	79,154.53
08/01/2024	2,377,221.00	0.803088505	1,909,118.86
02/01/2025	65,757.00	0.792156742	52,089.85
08/01/2025	2,410,757.00	0.781373784	1,883,702.32
02/01/2026	33,396.00	0.770737605	25,739.55
08/01/2026	2,453,396.00	0.760246207	1,865,185.00
14,560,480.00			12,220,000.00

Proceeds Summary

Delivery date	08/01/2016
Par Value	12,220,000.00
Target for yield calculation	12,220,000.00