

OFFICIAL STATEMENT

Dated October 7, 2020

Ratings:
S&P: "AA+"
(see "OTHER INFORMATION
– Ratings" herein)

NEW ISSUE – Book-Entry-Only

In the opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel, interest on the Bonds will be excludable from gross income for federal income tax purposes under the statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under "TAX MATTERS" herein.

THE BONDS HAVE NOT BEEN DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS"
FOR FINANCIAL INSTITUTIONS

\$26,755,000
TRINITY RIVER AUTHORITY OF TEXAS
DENTON CREEK REGIONAL WASTEWATER TREATMENT SYSTEM
REVENUE IMPROVEMENT AND REFUNDING BONDS, SERIES 2020

Dated Date: October 1, 2020

Due: February 1, as shown on Page ii

Interest to accrue from Delivery Date

PAYMENT TERMS . . . Interest on the \$26,755,000 Trinity River Authority of Texas Denton Creek Regional Wastewater Treatment System Revenue Improvement and Refunding Bonds, Series 2020 (the "Bonds") will accrue from the date they are initially delivered (the "Delivery Date") to the underwriters listed below (the "Underwriters"), will be payable on February 1, 2021, and on August 1 and February 1 of each year thereafter until maturity or prior redemption, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or integral multiples thereof within a maturity. **No physical delivery of the Bonds will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds (see "THE BONDS – Book-Entry-Only System" herein). The initial Paying Agent/Registrar is BOKF, NA, Dallas, Texas (see "THE BONDS – Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE . . . The Bonds are issued pursuant to the provisions of Chapter 518, Acts of the 54th Texas Legislature, Regular Session, 1955, as amended, Chapter 30, Texas Water Code, as amended, Chapters 1207 and 1371, Texas Government Code, as amended, and other applicable laws, and a bond resolution authorizing the issuance of the Bonds (the "Bond Resolution") adopted by the Board of Directors (the "Board") of the Trinity River Authority of Texas (the "Authority" or "Issuer") on February 26, 2020. In the Bond Resolution, the Board delegated to the General Manager and Chief Financial Officer of the Authority (each an "Authorized Officer") the authority to complete the sale of the Bonds. The terms of the sale are included in a "Pricing Certificate" which was approved and executed by the Authorized Officer, and which completed the sale of the Bonds (the Bond Resolution and the Pricing Certificate are jointly referred to as the "Resolution"). Under the Constitution and the statutes of the State of Texas, the Authority has broad powers to effectuate flood control and the conservation and use for all beneficial purposes of storm and flood waters in the Trinity River watershed, and as a necessary aid to these purposes, the Authority has specific authority to construct, own and operate water and wastewater treatment, collection and transportation systems, and to make contracts in reference thereto with municipalities and others.

PURPOSE . . . Proceeds from the sale of the Bonds will be used for the purpose of providing funds (i) to refund certain outstanding revenue bonds (see "SCHEDULE I") relating to the Authority's Denton Creek Regional Wastewater Treatment System (the "System"), (ii) to acquire and construct improvements and extensions to the System, (iii) to fund the debt service reserve fund; and (iv) to pay costs associated with the issuance of the Bonds.

CUSIP PREFIX: 896564
MATURITY SCHEDULE & 9 DIGIT CUSIP
See Schedule on Page ii

REDEMPTION . . . The Authority reserves the right, at its option, to redeem Bonds having stated maturities on and after February 1, 2031, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof, on February 1, 2030 or on any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE BONDS – Redemption").

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

DELIVERY . . . It is expected that the Bonds will be available for delivery through the facilities of DTC on or about November 5, 2020.

BOFA SECURITIES

UBS

MATURITY SCHEDULE

Maturity (February 1)	Principal Amount	Interest Rate	Initial Yield	CUSIP Suffix ⁽¹⁾
2021	305,000	5.00	0.24	XB2
2022	690,000	5.00	0.26	XC0
2023	730,000	5.00	0.30	XD8
2024	755,000	5.00	0.36	XE6
2025	795,000	5.00	0.46	XF3
2026	550,000	5.00	0.58	XG1
2027	565,000	5.00	0.73	XH9
2028	2,910,000	5.00	0.89	XJ5
2029	2,910,000	5.00	1.06	XK2
2030	2,905,000	5.00	1.20	XL0
2031	2,910,000	5.00	1.29*	XM8
2032	2,880,000	3.00	1.66*	XN6
2033	1,880,000	3.00	1.79*	XP1
2034	1,680,000	3.00	1.92*	XQ9
2035	1,585,000	3.00	1.97*	XR7
2036	1,190,000	3.00	2.02*	XS5
2037	395,000	3.00	2.06*	XT3
2038	365,000	3.00	2.10*	XU0
2039	370,000	3.00	2.14*	XV8
2040	385,000	3.00	2.18*	XW6

* Yield shown is the yield to the first optional call date, February 1, 2030.

(Interest to accrue from the Delivery Date)

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

Optional Redemption . . . The Authority reserves the right, at its option, to redeem Bonds having stated maturities on and after February 1, 2031, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof, on February 1, 2030 or on any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see “THE BONDS – Redemption”).

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

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

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

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

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

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

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

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

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

TABLE OF CONTENTS

OFFICIAL STATEMENT SUMMARY	VI	Effective Date and Term of Contract; Modification; Notices; State Or Federal Laws, Rules, Orders, or Regulations	19
INTRODUCTION	1	Remedies Upon Default	19
Description of the Authority	1	SELECTED PROVISIONS OF THE RESOLUTION	20
PLAN OF FINANCING	1	THE AUTHORITY	33
Purpose	1	The Authority's Activities	33
Refunded Bonds	1	The Authority's Revenue-Based Projects	33
Sources and Uses of Bond Proceeds	2	The Future Role of the Authority	34
DEBT INFORMATION	3	Pension Plan	35
Debt Service Requirements	3	OTHER OUTSTANDING INDEBTEDNESS OF THE AUTHORITY	36
THE BONDS	4	TAX MATTERS	38
Description of the Bonds	4	Opinion	38
Authority for Issuance	4	Federal Income Tax Accounting Treatment of Original Issue Discount	38
Security and Source of Payment	4	Collateral Federal Income Tax Consequences	39
Reserve Fund	5	State, Local and Foreign Taxes	40
Redemption	5	Information Reporting and Backup Withholding	40
Notice of Redemption	5	Future and Proposed Legislation	40
Defeasance	6	CONTINUING DISCLOSURE OF INFORMATION	40
Book-Entry-Only System	6	Annual Reports	40
Paying Agent/Registrar	8	Disclosure Event Notices	41
Transfer, Exchange and Registration	8	Availability of Information	42
Limitation on Transfer of Bonds	9	Limitations and Amendments	42
Record Date for Interest Payment	9	Compliance With Prior Undertakings	43
Bondholders' Remedies	9	OTHER INFORMATION	43
THE SYSTEM	10	Ratings	43
The Plant	10	Litigation	43
Anticipated Issuance of Additional System Revenue Bonds	11	Registration and Qualification of Bonds for Sale	43
SELECTED CONTRACT PROVISIONS	12	Legal Investments and Eligibility to Secure Public Funds in Texas	44
Parties and Terms	12	Legal Matters	44
Certain Definitions	12	Authenticity of Financial Data and Other Information	45
Fiscal Provisions	13		
Operation and Maintenance; Annual Budget	14		
Payments by Contracting Parties	15		
Special Provisions	17		
Unconditional Obligation to Make Payments	19		

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

OFFICIAL STATEMENT SUMMARY

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

- THE AUTHORITY**..... The Trinity River Authority of Texas (the “Authority” or “Issuer”) is a governmental agency of the State of Texas and a body politic and corporate, created as a conservation and reclamation district under Article XVI, Section 59 of the Texas Constitution pursuant to Chapter 518, Acts of the 54th Texas Legislature, Regular Session, 1955, as amended. The Authority is governed by a Board (the “Board”) of 25 directors who are appointed by the Texas Governor for six-year terms.
- THE BONDS** The Bonds are issued as \$26,755,000 Trinity River Authority of Texas Denton Creek Regional Wastewater Treatment System Revenue Improvement and Refunding Bonds, Series 2020 (the “Bonds”). The Bonds are issued as serial bonds maturing on February 1 in each of the years 2021 through 2040, inclusive.
- PAYMENT OF INTEREST** Interest on the Bonds accrues from the date they are initially delivered to the Underwriters, and is payable February 1, 2021 and each August 1 and February 1 thereafter until maturity or prior redemption (see “THE BONDS – Description of the Bonds”).
- AUTHORITY FOR ISSUANCE** The Bonds are issued pursuant to the provisions of Chapter 518, Acts of the 54th Texas Legislature, Regular Session, 1955, as amended, Chapter 30, Texas Water Code, as amended, Chapters 1207 and 1371, Texas Government Code, as amended, and other applicable laws, and a bond resolution authorizing the issuance of the Bonds (the “Bond Resolution”) adopted by the Board on February 26, 2020. In the Bond Resolution, the Board delegated to the General Manager and Chief Financial Officer of the Authority (each an “Authorized Officer”) the authority to complete the sale of the Bonds. The terms of the sale of the Bonds are included in a “Pricing Certificate” which was approved and executed by the Authorized Officer, and which completed the sale of the Bonds (the Bond Resolution and the Pricing Certificate are jointly referred to as the “Resolution”) (see “THE BONDS – Authority for Issuance”).
- SECURITY FOR THE BONDS** The Bonds constitute special obligations of the Authority, payable both as to principal and interest, and secured by a first lien on the Pledged Revenues of the Authority under the Contracts entered into with the Contracting Parties (see “THE BONDS – Security and Source of Payment”).
- REDEMPTION** The Authority reserves the right, at its option, to redeem Bonds having stated maturities on and after February 1, 2031, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof, on February 1, 2030 or on any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see “THE BONDS – Redemption”).
- TAX EXEMPTION**..... In the opinion of Bond Counsel, the interest on the Bonds will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under the caption “TAX MATTERS” herein.
- USE OF PROCEEDS** Proceeds from the sale of the Bonds will be used for the purpose of providing funds (i) to refund certain outstanding revenue bonds (see “SCHEDULE I”) relating to the Authority's Denton Creek Regional Wastewater Treatment System (the “System”), (ii) to acquire and construct improvements and extensions to the System, (iii) to fund the debt service reserve fund; and (iv) to pay costs associated with the issuance of the Bonds.
- RATINGS** The Bonds are rated “AA+” by S&P Global Ratings, a division of S&P Global Inc. (“S&P”). The Outstanding Parity Bonds of the System are rated “AA+” by S&P, without regard to credit enhancement (see “OTHER INFORMATION – Ratings”).

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

PAYMENT RECORD The Authority has never defaulted in payment of its bonds.

For additional information regarding the Authority, please contact:

Ms. Alison A. Mackey, CPA
Trinity River Authority of Texas
P.O. Box 60
Arlington, Texas 76004
(817) 493-5118

Or

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

AUTHORITY OFFICIALS, STAFF AND CONSULTANTS

Board Members	Position	Area Represented
Kevin Maxwell	President and Member, Executive Committee	Houston County
Tommy G. Fordyce	Vice President and Member, Executive Committee	Walker County
David B. Leonard	Chairman and Member, Executive Committee	Liberty County
Henry Borbolla III	Chairman, Administration and Audit Committee and Member, Executive Committee	Tarrant County
John W. Jenkins	Chairman, Resources Development Committee and Member, Executive Committee	Chambers County
Amir A. Rupani	Chairman, Legal and Public Policy Committee and Member, Executive Committee	Dallas County
C. Dwayne Somerville	Chairman, Utility Services Committee and Member, Executive Committee	Freestone County
Cathy Altman	Member, Administration and Audit Committee	Ellis County
Whitney D. Beckworth	Member, Legal and Public Policy Committee	Director at Large
Cary Cole Camp	Member, Utility Services Committee	Director at Large
Megan W. Deen	Member, Administration and Audit Committee	Tarrant County
Lisa A. Hembry	Member, Administration and Audit Committee	Dallas County
Jerry F. House, D. Min.	Member, Legal and Public Policy Committee	Leon County
Jess A. Laird	Member, Administration and Audit Committee	Henderson County
Victoria K. Lucas	Member, Legal and Public Policy Committee	Kaufman County
Dennis “Joe” McCleskey	Member, Resources Development Committee	Trinity County
Robert F. McFarlane, M.D.	Member, Legal and Public Policy Committee	Director at Large
Lewis H. McMahan	Member, Resources Development Committee	Dallas County
Manny Rachal	Member, Utility Services Committee	Polk County
Steven L. Roberts	Member, Resources Development Committee	San Jacinto County
William O. Rodgers	Member, Utility Services Committee	Tarrant County
Frank H. Steed, Jr.	Member, Utility Services Committee	Navarro County
Brenda K. Walker	Member, Legal and Public Policy Committee	Anderson County
David G. Ward	Member, Resources Development Committee	Madison County
Edward C. Williams III	Member, Utility Services Committee	Dallas County

Management Officers

J. Kevin Ward	General Manager
Patricia M. Cleveland.....	Executive Manager, Northern Region
Jimmie R. Sims	Executive Manager, Southern Region
Alison A. Mackey, CPA	Treasurer, Board of Directors, and Chief Financial Officer
Glenn C. Clingenpeel.....	Executive Manager, Technical Services and Basin Planning
Gary Oradat	Executive Manager, Planning, Design and Construction Administration
Howard S. Slobodin	Secretary, Board of Directors and General Counsel
Taylor L. Huynh	Executive Manager, Administrative Services
Douglas L. Short	Chief Information Officer

Consultants and Advisors

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

OFFICIAL STATEMENT
RELATING TO
\$26,755,000
TRINITY RIVER AUTHORITY OF TEXAS
DENTON CREEK REGIONAL WASTEWATER TREATMENT SYSTEM
REVENUE IMPROVEMENT AND REFUNDING BONDS, SERIES 2020

INTRODUCTION

This Official Statement, which includes the Appendices hereto, provides certain information regarding the issuance of \$26,755,000 Trinity River Authority of Texas Denton Creek Regional Wastewater Treatment System Revenue Improvement and Refunding Bonds, Series 2020 (the "Bonds"). Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Resolution (defined herein), except as otherwise indicated herein (see "SELECTED PROVISIONS OF THE RESOLUTION").

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

Description of the Authority

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

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

PLAN OF FINANCING

Purpose

Proceeds from the sale of the Bonds will be used for the purpose of providing funds (i) to refund portions of certain outstanding revenue bonds (the "Refunded Bonds" as described below) related to the Authority's Denton Creek Regional Wastewater Treatment System (the "System"); (ii) to acquire and construct improvements and extensions to the System to provide wastewater disposal system services to cities and others; (iii) to fund the debt service reserve fund; and (iv) to pay costs associated with the issuance of the Bonds. See "SCHEDULE I" hereto for a description of the Refunded Bonds.

Refunded Bonds

A description and identification of the Refunded Bonds appears in Schedule I.

The principal and interest due on the Refunded Bonds are to be paid on the respective redemption date of the Refunded Bonds from funds to be deposited pursuant to a certain Escrow Agreement (the "Escrow Agreement") between the Authority and BOKF, NA, Dallas, Texas (the "Escrow Agent"). The Resolution provides that from the

proceeds of the sale of the Bonds received from the Underwriters, the Authority will deposit with the Escrow Agent the amount of funds that, when invested, will be sufficient to pay all amounts coming due on the Refunded Bonds to their respective redemption date and to accomplish the discharge and final payment of the Refunded Bonds on their respective redemption date. Such funds will be held by the Escrow Agent in a special escrow account (the “Escrow Fund”) and used to purchase direct, noncallable obligations of the United States of America (the “Escrow Securities”). Under the Escrow Agreement, the Escrow Fund is irrevocably pledged to the payment of the principal of and interest on the Refunded Bonds.

The Financial Advisor to the Authority will execute a certificate (the “Report”) certifying that Escrow Securities will mature and bear interest in the amounts that, together with cash in the Escrow Fund, will be sufficient to pay, the principal of and interest on the Refunded Bonds on the respective redemption date.

By the deposit of the cash and Escrow Securities with the Escrow Agent pursuant to the Escrow Agreement, the Authority will have effected the defeasance of all of the Refunded Bonds in accordance with State law and in reliance upon the Report described above. As a result of such defeasance, the Refunded Bonds will be outstanding only for the purpose of receiving payments from the Escrow Fund held for such purpose by the Escrow Agent and such Refunded Bonds will not be deemed as being outstanding obligations of the Authority payable from Pledged Revenues nor for the purpose of applying any limitation on the issuance of debt, and the Authority will have no further responsibility with respect to amounts available in the Escrow Fund for the payment of the Refunded Bonds from time to time, including any insufficiency therein caused by the failure to receive payments when due on the Escrow Securities.

Moneys in the Escrow Fund will not be available to pay debt service on the Bonds.

Sources and Uses of Bond Proceeds

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

Sources of Funds	
Par Amount of Bonds	26,755,000.00
Reoffering Premium	5,316,693.65
Total Sources of Funds	\$ 32,071,693.65
Uses of Funds:	
Deposit to Escrow Fund	\$ 24,257,349.56
Deposit to Project Fund	7,179,080.00
Deposit to Reserve Fund	152,424.04
Underwriters' Discount	168,537.16
Costs of Issuance	310,000.00
Additional Proceeds	4,302.89
Total Uses of Funds	\$ 32,071,693.65

DEBT INFORMATION

Debt Service Requirements

Fiscal Year	Outstanding Parity Bonds Debt Service ⁽¹⁾			Less: Refunded	The Bonds			Total
Ending				Bonds				Outstanding
November 30	Principal	Interest	Total	Debt Service ⁽²⁾	Principal	Interest	Total	Debt Service
2021	\$ 7,705,000	\$ 4,911,226	\$ 12,616,226	\$ 1,230,950	\$ 305,000	\$ 822,258	\$ 1,127,258	\$ 12,512,534
2022	8,090,000	4,617,754	12,707,754	1,428,708	690,000	1,090,650	1,780,650	13,059,696
2023	8,435,000	4,307,168	12,742,168	1,422,520	730,000	1,055,150	1,785,150	13,104,799
2024	8,805,000	3,977,259	12,782,259	1,415,362	755,000	1,018,025	1,773,025	13,139,922
2025	9,185,000	3,627,037	12,812,037	1,411,920	795,000	979,275	1,774,275	13,174,393
2026	9,610,000	3,255,539	12,865,539	1,402,025	550,000	945,650	1,495,650	12,959,164
2027	10,170,000	2,842,837	13,012,837	1,396,050	565,000	917,775	1,482,775	13,099,563
2028	7,215,000	2,490,222	9,705,222	3,645,577	2,910,000	830,900	3,740,900	9,800,545
2029	8,085,000	2,213,938	10,298,938	3,500,412	2,910,000	685,400	3,595,400	10,393,926
2030	8,280,000	1,923,885	10,203,885	3,354,630	2,905,000	540,025	3,445,025	10,294,280
2031	8,465,000	1,629,266	10,094,266	3,213,097	2,910,000	394,650	3,304,650	10,185,819
2032	8,680,000	1,324,210	10,004,210	3,065,761	2,880,000	278,700	3,158,700	10,097,149
2033	5,370,000	1,068,661	6,438,661	1,992,970	1,880,000	207,300	2,087,300	6,532,991
2034	5,105,000	873,165	5,978,165	1,742,865	1,680,000	153,900	1,833,900	6,069,201
2035	5,180,000	680,694	5,860,694	1,596,847	1,585,000	104,925	1,689,925	5,953,772
2036	4,955,000	490,760	5,445,760	1,159,837	1,190,000	63,300	1,253,300	5,539,223
2037	3,800,000	330,809	4,130,809	264,892	395,000	39,525	434,525	4,300,442
2038	3,930,000	193,751	4,123,751	219,709	365,000	28,125	393,125	4,297,167
2039	2,865,000	74,312	2,939,312	-	370,000	17,100	387,100	3,326,412
2040	1,000,000	12,250	1,012,250	-	385,000	5,775	390,775	1,403,025
	<u>134,930,000</u>	<u>40,844,739</u>	<u>175,774,739</u>	<u>33,464,128</u>	<u>26,755,000</u>	<u>10,178,408</u>	<u>36,933,408</u>	<u>179,244,020</u>

⁽¹⁾ Outstanding Debt Service based on the following Principal by Series as of November 4, 2020:

Series 2009	\$ 6,175,000
Series 2011	17,865,000
Series 2011A	30,745,000
Ref Series 2011	700,000
Series 2012	12,670,000
Series 2013	2,275,000
Series 2016 (JPM)	6,115,000
Series 2016	5,555,000
Series 2017	27,355,000
Series 2019	<u>25,475,000</u>
Total	\$ 134,930,000

⁽²⁾ See Schedule I.

THE BONDS

Description of the Bonds

The Bonds are dated October 1, 2020, and mature on February 1 in each of the years and in the amounts shown on page ii hereof. Interest will accrue from the date they are initially delivered to the Underwriters, will be payable on February 1, 2021, and on August 1 and February 1 of each year thereafter until maturity or prior redemption, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Bonds will be issued only in fully registered form in any integral multiple of \$5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds (see "THE BONDS – Book-Entry-Only System" herein).

Interest on the Bonds is payable to the registered owner appearing on the bond registration books of the Paying Agent/Registrar on the Record Date (as defined below) and such interest shall be paid by the Paying Agent/Registrar (i) by check sent by United States mail, first-class, postage prepaid, to the address of the registered owner recorded in the bond register or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. Principal of and interest on the Bonds at maturity will be payable upon their presentation and surrender to the Paying Agent/Registrar; provided, however, that so long as Cede & Co. (or other DTC nominee) is the registered owner of the Bonds, all payments will be made as described under "THE BONDS – Book-Entry-Only System" herein. If the date for any payment on the Bonds shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the designated corporate office of the Paying Agent/Registrar is located 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 when banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

Authority for Issuance

The Bonds are issued pursuant to the provisions of Chapter 518, Acts of the 54th Texas Legislature, Regular Session, 1955, as amended, Chapter 30, Texas Water Code, as amended, Chapters 1207 and 1371, Texas Government Code, as amended, and other applicable laws, and a bond resolution authorizing the issuance of the Bonds (the "Bond Resolution") adopted by the Board of Directors (the "Board") of the Trinity River Authority of Texas (the "Authority" or "Issuer") on February 26, 2020. In the Bond Resolution, the Board delegated to the General Manager and Chief Financial Officer of the Authority (each an "Authorized Officer") the authority to complete the sale of the Bonds. The terms of the sale of the Bonds are included in a "Pricing Certificate" which was approved and executed by the Authorized Officer, and which completed the sale of the Bonds (the Bond Resolution and the Pricing Certificate are jointly referred to as the "Resolution").

Security and Source of Payment

The Contracting Parties have contracted with the Authority (see "SELECTED CONTRACT PROVISIONS") to make payments sufficient to pay debt service on the Bonds and the debt service on outstanding Parity Bonds and any Additional Bonds (see "SELECTED PROVISIONS OF THE RESOLUTION") that are issued for any lawful purpose related to the System. The Contracting Parties will pay their obligation to the Authority out of moneys received from the operation of their water and sewer system and such obligation is an operation and maintenance expense of each Contracting Parties' water and sewer system which is senior to their own respective water and sewer revenue debt obligations. The Bonds are payable from and secured by a first lien on and pledge of the Pledged Revenues of the Authority under the Contracts with the Contracting Parties as described above. The Authority has no taxing power and no taxes are pledged to the Bonds.

Under the Contracts, each Contracting Party is responsible for its proportionate share of (i) the Authority's costs of operating and maintaining the System and (ii) for payment of debt service on Authority bonds issued for improvements to the System. The proportionate share is the percentage of the number of gallons of contributing flow of wastewater estimated to be discharged into the System by each Contracting Party by the aggregate total number of gallons of contributing flow of wastewater estimated to be discharged into the System by all Contracting

Parties during each annual period (the Authority may revise its estimates of contributing flow either monthly or for any other period as determined by the Authority). Prior to each August 1, the Authority prepares an annual budget for the System estimating the total annual operating and maintenance costs as well as debt service requirements for System bonds for the succeeding year and provides each Contracting Party with its estimated proportionate share of such costs based on estimate contributing flows. Each Contracting Party remits its proportionate share to the Authority on a monthly basis. At the close of each annual period, the Authority determines the actual metered number of gallons of contributing flow of wastewater discharged into the System by each Contracting Party during said period and settles up with each Contracting Party based upon their actual percentage of the total annual costs of the System.

Reserve Fund

A Reserve Fund has been created to be used to finally retire Parity Bonds, or to pay, when due debt service on Parity Bonds and any Additional Bonds to the extent the amounts in the Interest and Sinking Fund are insufficient to make any such payment. The Resolution provides that so long as the market value of the money and investments in the Reserve Fund, or any account therein, are not less than a "Reserve Required Amount" equal to the average annual principal and interest requirements of outstanding Parity Bonds, no deposit to the Reserve Fund is required. Upon the issuance of the Bonds, the Authority will deposit bond proceeds in an amount required to fully fund the Reserve Fund to the Reserve Required Amount (see "SELECTED PROVISIONS OF THE RESOLUTION" and "PLAN OF FINANCING – Sources and Uses of Bond Proceeds").

Redemption

Optional Redemption. The Authority reserves the right, at its option, to redeem Bonds having stated maturities on and after February 1, 2031, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 1, 2030 or on any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Bonds are to be redeemed, the Authority may select the maturities of the Bonds to be redeemed. If less than all of the Bonds of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Bonds are in Book-Entry-Only form) shall determine by lot the Bonds, or portions thereof, within such maturity to be redeemed.

Notice of Redemption

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

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

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

Defeasance

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

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

Book-Entry-Only System

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

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

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an

authorized representative of DTC. One fully-registered bond certificate for each maturity will be issued for the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

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

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

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

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

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

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

to time. Payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are the responsibility of the Authority or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

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

Paying Agent/Registrar

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

Transfer, Exchange and Registration

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

Limitation on Transfer of Bonds

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

Record Date for Interest Payment

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

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

Bondholders' Remedies

The Resolution does not specify events of default with respect to the Bonds. If the Authority defaults in the payment of principal, interest, or redemption price on the Bonds when due, or the Authority defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Resolution, the registered owners may seek a writ of mandamus to compel the Authority or Authority officials to carry out the legally imposed duties with respect to the Bonds if there is no other available remedy at law to compel performance of the Bonds or the Resolution and the Authority's obligations are not uncertain or disputed. The issuance of a writ of mandamus is controlled by equitable principles, so rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Resolution does not provide for the appointment of a trustee to represent the interest of the bondholders upon any failure of the Authority to perform in accordance with the terms of the Resolution, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners. On June 30, 2006, the Texas Supreme Court ruled in *Tooke v. City of Mexia*, 197 S.W.3d 325 (Tex. 2006), that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Because it is unclear whether the Texas legislature has effectively waived the Authority's sovereign immunity from a suit for money damages, bondholders may not be able to bring such a suit against the Authority for breach of the Bonds or Resolution covenants in the absence of Authority action. Chapter 1371, Texas Government Code ("Chapter 1371"), which pertains to the issuance of public securities by issuers such as the Authority, permits the Authority to waive sovereign immunity in the proceedings authorizing its bonds. The Bonds are being issued pursuant to Chapter 1371, however, the Authority has not waived sovereign immunity in connection with the issuance of the Bonds. Even if a judgment against the Authority could be obtained, it could not be enforced by direct levy and execution against the Authority's property. Further, the registered owners cannot themselves foreclose on property within the Authority or sell property within the Authority to enforce any lien on property to pay the principal of and interest on the Bonds. Furthermore, the Authority is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, such provision is subject to judicial construction. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or bondholders of an entity which has sought protection under Chapter 9. Therefore, should the Authority avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Bonds are qualified with respect to the customary rights of debtors relative to their creditors.

THE SYSTEM

The Plant

The System provides regional wastewater collection and treatment services for several communities lying generally west of Lake Grapevine in Tarrant and Denton Counties in northeast Texas. The System currently features a 11.5 MGD activated sludge wastewater treatment plan, with special peak flow treatment facilities designed specifically for major events at the Texas Motor Speedway in north Fort Worth. The plant was originally placed in service in 1988, and has undergone several subsequent upgrades and expansions.

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

<u>Contracting Party</u>	<u>Minimum Flow (gallons)</u>
City of Fort Worth	43,158,695
City of Roanoke	40,150,000
City of Haslet	22,082,500
City of Southlake	10,950,000
City of Keller	10,950,000
Circle T Municipal Utility District No. 3	10,950,000
Town of Argyle	10,950,000
Town of Flower Mound	10,950,000
Town of Northlake	10,950,000
Town of Westlake	10,950,000
Circle T Municipal Utility District No. 1	365,000

The Authority has entered into contracts with the following Contracting Parties (the “Contracts”): City of Fort Worth, Texas; City of Haslet, Texas; City of Keller, Texas; City of Roanoke, Texas; City of Southlake; Circle T Municipal Utility District No. 1; Circle T Municipal Utility District No. 3; Town of Argyle, Texas; Town of Flower Mound, Texas; Town of Northlake, Texas; and Town of Westlake, Texas, see “SUMMARY OF CONTRACT PROVISIONS.”

[Remainder of Page Intentionally Left Blank]

Denton Creek Regional Wastewater Treatment System Enterprise Fund

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Operating Revenue	\$15,501,005	\$15,007,167	\$14,087,104	\$14,478,695	\$14,053,565
Operating Expenses (Exclusive of Depreciation)	(5,120,074)	(4,449,256)	(3,755,857)	(3,744,544)	(3,736,948)
Operating Expenses (Paid from Other Sources)	609,581	18,043	22,369	103,215	255,135
Net Non-Operating Revenues/(Expenses) (Exclusive of Interest and Amortization Expenses)	<u>848,740</u>	<u>670,288</u>	<u>(132,700)</u>	<u>(31,836)</u>	<u>55,464</u>
Net Funds Available for Debt Service	\$11,839,252	\$11,246,242	\$10,220,916	\$10,805,530	\$10,627,216

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

Anticipated Issuance of Additional System Revenue Bonds

The Authority has plans to issue approximately \$86.28 million in bonds for certain treatment plant and collection system improvements for the System during the next 5 years.

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

[Remainder of Page Intentionally Left Blank]

SELECTED CONTRACT PROVISIONS

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

Parties and Terms

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

City of Fort Worth, Texas (10-28-87)
City of Haslet, Texas (10-28-87)
City of Keller, Texas (4-22-92)
City of Roanoke, Texas (10-28-87)
City of Southlake (4-27-88)
Circle T Municipal Utility District No. 1 (4-27-88)
Circle T Municipal Utility District No. 3 (8-24-94)
Town of Argyle, Texas (12-6-06; amended 12-5-07)
Town of Flower Mound, Texas (3-1-00)
Town of Northlake, Texas (12-1-01)
Town of Westlake, Texas (3-1-00)

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

Certain Definitions

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

“Additional Contracting Party” means any party not defined as one of the Initial Contracting Parties with which the Authority makes a contract similar to this Contract for providing services of the System, provided that after execution of any such contract such party shall become one of the Contracting Parties for all purposes of this Contract, unless otherwise specifically provided herein.

“Adjusted Annual Payment” means the Annual Payment as adjusted during or after each Annual Payment Period, as provided by this Contract.

“Advisory Committee” means the committee to be created to consult with and advise the Authority with respect to the System as provided in Section 10 of this Contract.

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

“Annual Payment Period” means the Authority’s Fiscal Year, which currently begins on December 1 of each calendar year and ends on the last day of November of the next calendar year, and the first Annual Payment Period under this Contract is estimated to be the period of December 1, 1989, through November 30, 1990.

“Annual Requirement” means the total amount of money required for the Authority to pay all Operation and Maintenance Expenses of the System, to pay the debt service on its Bonds, to pay or restore any amounts required to be deposited in any special, contingency, or reserve funds required to be established and/or maintained by the provisions of the Bond Resolutions, all as further described in Section 11 (a) of this Contract.

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

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

“Contracting Parties” means the Cities of Fort Worth, Haslet, Keller, Roanoke and Southlake, Texas, the Towns of Argyle, Flower Mound, Northlake and Westlake, Texas and Circle T Municipal Utility Districts No. 1 and No. 3 of Tarrant and Denton Counties, Texas, together with any other party or parties which hereafter becomes one of the Contracting Parties by becoming an Additional Contracting Party.

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

“Engineering Report” means the “Engineering Report” as defined in the preamble to this Contract.

“Operation and Maintenance Expenses” means all costs and expenses of operation and maintenance of the System and the Wastewater Interceptor 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 and the Wastewater Interceptor System, including the Authority’s general overhead expenses attributable to the System and the Wastewater Interceptor System, insurance premiums, equipment necessary for proper operation and maintenance of the System and the Wastewater Interceptor System, and payments made by the Authority in satisfaction of judgments resulting from claims not covered by the Authority’s insurance arising in connection with the operation and maintenance of the System and the Wastewater Interceptor System. The term does not include depreciation.

“Project” means the “Project” as defined in the preamble to this Contract, and as generally described in the Engineering Report.

“System” means the regional wastewater treatment system described in the preamble to this Contract and in the Engineering Report, and all improvements and additions to and extensions, enlargements, and replacements of such facilities which are deemed necessary and feasible by the Authority in order to receive, treat, and dispose of Wastewater from Contracting Parties and to comply with the requirements of the Wastewater regulatory agencies of the State of Texas and the United States of America. Said term does not include any facilities acquired or constructed by the Authority with the proceeds from the issuance of “Special Facilities Bonds,” which are hereby defined as being revenue obligations of the Authority which are not secured by or payable from Annual Payments made under the Base Contract and this Contract and similar contracts with Additional Contracting Parties, and which are payable solely from other sources.

“Wastewater Interceptor System” means the “Interceptor System” as defined in the “Trinity River Authority of Texas – Denton Creek Wastewater Interceptor System Contract,” dated October 28, 1987, executed between the Authority and the Cities of Fort Worth, Haslet, and Roanoke concurrently with the execution of the Base Contract and in the “Trinity River Authority of Texas – Denton Creek Wastewater Interceptor System Installment Sale Contract (City of Southlake and Circle T Municipal Utility District No. 1 Project)” executed by the parties hereto as of the Contract Date (collectively, the “Interceptor Contracts”), and being facilities intended to collect and transport Wastewater into the “System,” as defined in this Contract, together with any other Wastewater collection and transportation facilities which are not part of the System as herein defined, and which are intended to collect and transport the Wastewater of any Additional Contracting Party into the System as herein defined.

Fiscal Provisions

(a) Subject to the terms and provisions of this Contract, the Authority will provide and pay for the cost of the acquisition and construction of the System and all System facilities, by issuing its Bonds in amounts which will be sufficient to accomplish such purposes, and the Authority will own and operate the System. It is acknowledged and agreed that payments to be made under the Base Contract and this Contract and similar contracts with Additional Contracting Parties, if any, will be the primary source available to the Authority to provide the Annual Requirement, and that, in compliance with the Authority’s statutory duty to fix and from time to time revise the rates of compensation or charges for services of the System rendered and made available by the Authority, the Annual Requirement will change from time to time, and that each such Annual Requirement shall be allocated among the Contracting Parties as hereinafter provided, and that the Annual Requirement for each Annual Payment Period shall be provided for in each Annual Budget and shall at all times be not less than an amount sufficient to pay or provide for the payment of:

(A) An "Operation and Maintenance Component" equal to the amount paid or payable for all Operation and Maintenance Expenses of the System and the Wastewater Interceptor System. It is understood and agreed that although the Wastewater Interceptor System will not be a part of the System as defined in this Contract, it will consist of facilities which are ancillary to and integrated into the operation of the System, and therefore will be operated and maintained in effect as a part of the System under the provisions of the Base Contract and this Contract, consistent with the terms of the Interceptor Contracts; and

(B) A "Bond Service Component" equal to:

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

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

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

Operation and Maintenance; Annual Budget

The Authority shall operate and maintain the System, and also the Wastewater Interceptor System in the same manner as if it were part of the System, and shall prepare an Annual Budget, including the operation and maintenance expenses of the Wastewater Interceptor System, for such purpose. With respect to each Annual Budget the term "System" shall be deemed to mean and include the Wastewater Interceptor System. Each Annual Budget for the System shall always provide for amounts sufficient to pay the Annual Requirement. The Annual Budget for the System for all or any part of the Annual Payment Period during which the System is first placed into operation shall be prepared by the Authority based on estimates made by the Authority after consultation with the Advisory Committee. On or before August 1 of each year after the System is first placed in operation, the Authority shall furnish to each Contracting Party a preliminary estimate of the Annual Payment required from each Contracting Party for the next following Annual Payment Period. Not less than forty days before the commencement of the Annual Payment Period after the System is first placed into operation, and not less than forty days before the commencement of each Annual Payment Period thereafter, the Authority shall cause to be prepared as herein provided its preliminary budget for the System for the next ensuing Annual Payment Period, which budget shall specifically include the Operation and Maintenance Component and the Bond Service Component. A copy of such preliminary budget shall be filed with each Contracting Party. The preliminary budget shall be subject to examination, at reasonable times during business hours, at the office of the City Secretary of each Contracting Party that is a City, and at the then current business office of each other Contracting Party. If no protest or request for a hearing on such preliminary budget is presented to the Authority within ten days after such filing of the preliminary budget by one or more Contracting Parties or by the owners of a minimum of 25% in principal amount of the Bonds then outstanding, the preliminary budget for the System shall be considered for all purposes as the "Annual Budget" for the next ensuing Annual Payment Period. But if protest or request for a hearing is duly filed, it shall be the duty of the Authority to fix the date and time for a hearing on the preliminary budget, and to give not less than ten days' notice thereof to the Contracting Parties. An appropriate Committee of the Authority shall consider the testimony and showings made in such hearing and shall report its findings to the Board of Directors of the Authority. The Board of Directors may adopt the preliminary budget or make such amendments thereof as to it may seem proper. The budget thus approved by the Board of Directors of the Authority shall be the Annual Budget for the next ensuing Annual Payment Period. The Annual Budget (including the first Annual Budget) may be amended by the Authority at any time to transfer from one division thereof to another funds which will not be needed by such division. The amount for any division, or the amount for any purpose, in the Annual Budget may be increased through formal action by the Board of Directors of the Authority even though such action might cause the total amount of the Annual Budget to be exceeded; provided that such action shall be taken only in the event of an emergency or special circumstances which shall be clearly stated in the resolution at the time such action is taken by the Board of Directors. Certified copies of the amended Annual Budget and resolution shall be filed immediately by the Authority with each Contracting Party.

Payments by Contracting Parties

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

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

(c) Notwithstanding the provisions of (b), above, and as an exception thereto, it is agreed that if, during any Annual Payment Period, the estimated and/or actual metered contributing flow of Wastewater into the System of any Contracting Party is, for any reason whatsoever, less than the minimum amount hereinafter prescribed and provided for it, such Contracting Party shall pay its share of each Annual Requirement as if its estimated and/or actual metered contributing flow of Wastewater into the System were such minimum amount. However, if such Contracting Party's estimated and/or actual metered contributing flow of Wastewater into the System is equal to or in excess of such minimum amount, its share of all of each Annual Requirement shall be calculated on the basis of estimated and actual contributing flow as provided in (b), above. All future contracts with each Additional Contracting Parties shall provide

for equitable minimums similar to those provided for below. Such minimums shall be fixed in amounts at least sufficient, as determined by the Authority, to assure an initial Annual Payment by such Additional Contracting Party for not less than the amount of its estimated contributing flow of Wastewater into the System during the first year of service under such contract. For the purpose of calculating the minimum percentage of each Annual Requirement for which each Contracting Party is unconditionally liable, without offset or counterclaim (as stated herein), the contributing flow of Wastewater into the System of each such Contracting Party, during each Annual Payment Period, shall be deemed to be not less than the minimum amount (regardless of whether or not such amount was actually discharged into the System) specified for such Contracting Party as follows:

City of Fort Worth:	43,158,695 gallons
City of Roanoke:	40,150,000 gallons
City of Haslet:	22,082,500 gallons
City of Southlake	10,950,000 gallons
City of Keller:	10,950,000 gallons
Circle T Municipal Utility District No. 3:	10,950,000 gallons
Town of Argyle, Texas	10,950,000 gallons
Town of Flower Mound, Texas	10,950,000 gallons
Town of Northlake, Texas	10,950,000 gallons
Town of Westlake, Texas	10,950,000 gallons
Circle T Municipal Utility District No. 1 of Tarrant and Denton Counties, Texas	365,000 gallons

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

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

(e) During each Annual Payment Period all revenues received by the Authority from providing services of the System to parties which are not Contracting Parties, and all surcharges collected from any Contracting Party under Section 4, above, shall (i) first be credited to the Operation and Maintenance Component of the Annual Requirement, and (ii) then any remainder credited to the Bond Service Component of the Annual Requirement, with the result that such credits under (i) and (ii), respectively, shall reduce, to the extent of such credits, the amounts of such Components, respectively, which otherwise would be payable by the Contracting Parties pursuant to the method prescribed in (b) and (c), above. The Authority may estimate all such credits which it expects to make during each Annual Payment Period in calculating each Annual Payment.

(f) Each Contracting Party shall make payments to the Authority required by this Section on or before the 10th day of each month of each Annual Payment Period. If any Contracting Party at any time disputes the amount to be paid by it to the Authority, such complaining party shall nevertheless promptly make such payment or payments, but if it is subsequently determined by agreement or court decision that such disputed payments made by such complaining party should have been less, or more, the Authority shall promptly revise and reallocate the charges among all Contracting Parties in such manner that such complaining party will recover its overpayment or the Authority will recover the amount due it. All amounts due and owing to the Authority by each Contracting Party or due and owing to any Contracting Party by the Authority shall, if not paid when due, bear interest at the rate of ten (10) percent per annum

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

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

Special Provisions

(a) The Authority will continuously operate and maintain the System (which, for operation and maintenance purposes only, also includes the Wastewater Interceptor System) in an efficient manner and in accordance with good business and engineering practices, and at reasonable cost and expense.

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

(c) The System was initially placed in operation in 1989. It is expressly understood and agreed, however, that any obligations on the part of the Authority to improve and extend the System to the Contracting Parties shall be conditioned (i) upon the Authority's ability to obtain all necessary permits, material, labor, and equipment, (ii) upon the ability of the Authority to finance the cost of the System through the actual sale of the Authority's Bonds, and (iii) subject to all present and future valid laws, orders, rules, and regulations of the United States of America, the State of Texas, and any regulatory body having jurisdiction.

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

(e) Each of the Contracting Parties agrees to continuously operate and maintain its combined waterworks and sewer system, and to fix and collect such rates and charges for water and sewer services and/or sewer services to be supplied by its system as aforesaid as will produce revenues in an amount equal to at least (i) all of the expenses of operation and maintenance expenses of such system, including specifically its payments under this Contract, (ii) its payments from such revenues required under any other contracts, and (iii) all other amounts as required by law and the provisions of the ordinances or resolutions authorizing its revenue bonds or other obligations now or hereafter outstanding, including the amounts required to pay all principal of and interest on such bonds and other obligations; provided, however, that since Circle T Municipal Utility District No. 1 has pledged ad valorem taxes to its payments under this Contract, it shall be required only to use its best reasonable efforts to fix and collect rates as provided in this sub-section (e).

(f) The District specifically covenants and represents: that neither its waterworks system nor sewer system, nor the revenues therefrom, are presently encumbered with respect to any bonds or other similar obligations; that bonds have been duly voted in the District in accordance with law for the purpose of acquiring and constructing additional waterworks and sewer system facilities for inhabitants of the District; and that sufficient bonds will be issued as soon as practicable, and waterworks and sewer system facilities will be acquired and constructed and placed in operation as soon as practicable, to the end that additional and adequate water and sewer services will be provided to the inhabitants of the District; that it will operate its waterworks and sewer facilities as a combined waterworks and sewer system; and that all operating and maintenance expenses of its combined waterworks and sewer system, including all payments under this Contract, will be payable from and constitute a first charge against its water system revenues as well as its sewer system revenues.

Applicable to Circle T Municipal Utility District No. 1 only:

(g) If the aforesaid waterworks and/or sewer system revenues of the Circle T Municipal Utility District No. 1 (defined in this paragraph as the "District") should not be available or sufficient at any time for making all or any part of the payments required to be made by such District under this Contract, then, to the extent required, such payments shall be made from any lawfully available funds of the District and/or from the District's ad valorem taxes. The District shall make provision in each annual District Budget for the payment of all amounts required to be paid by the District under this Contract. In preparing the budget the District may take into consideration the estimated revenues of the District's combined waterworks and sewer system and other funds to be available for such purpose. To the extent that such revenues and funds are not available at any time to make such payments, then the District's ad valorem taxes shall be used to make such payments, and the proceeds of an annual ad valorem tax (in addition to all maintenance taxes) are hereby pledged for such payments to the extent so required. During each year hereafter, the governing body of the District shall compute and ascertain a rate and amount of ad valorem tax which will be sufficient to raise and produce the money necessary to make all or any necessary part of such payments, including indemnities, required to be made by the District under this Contract. Said rate and amount of ad valorem tax is hereby pledged to such payments, to the extent so required, and it shall be assessed, levied, and collected against all taxable property in the District for each such year.

Applicable to Circle T Municipal Utility District No. 3 only:

(h) If the aforesaid waterworks and/or sewer system revenues of Circle T Municipal Utility District No. 3 (defined in this paragraph as the "District") should not be available or sufficient at any time for making all or any part of the payments required to be made by such District under this Contract, then, to the extent required, such payments shall be made from any lawfully available funds of such District. Such District shall make provision in each annual District Budget for the payment of all amounts required to be paid by such District under this Contract. In preparing the budget such District may take into consideration the estimated revenues of such District's combined waterworks and sewer system and other funds to be available for such purpose.

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

Unconditional Obligation to Make Payments

Recognizing the fact that the Contracting Parties urgently require the facilities and services of the System, and that such facilities and services are essential and necessary for actual use and for standby purposes, and recognizing the fact that the Authority will use payments received from the Contracting Parties to pay and secure its Bonds, it is hereby agreed that each of the Contracting Parties shall be unconditionally obligated to pay, without offset or counterclaim, its proportionate share of the Annual Requirement, as provided and determined by this Contract (including the obligations for paying for “minimums” as described in Section 13 hereof), regardless of whether or not the Authority actually acquires, constructs, or completes the System or is actually operating or providing services of the System to any Contracting Party hereunder, or whether or not any Contracting Party actually uses the services of the System whether due to Force Majeure or any other reason whatsoever, regardless of any other provisions of this or any other contract or agreement between any of the parties hereto. This covenant by the Contracting Parties shall be for the benefit of and enforceable by the holders of the Bonds and/or the Authority.

Effective Date and Term of Contract; Modification; Notices; State Or Federal Laws, Rules, Orders, or Regulations

(a) The Base Contract and this Contract shall be effective on and from the Contract date, subject to its execution by all of the Contracting Parties and the Authority, the Base Contract and this Contract shall continue in force and effect until the principal of and interest on all Bonds shall have been paid, and thereafter shall continue in force and effect during the entire useful life of the System.

(b) Modification. No change, amendment, or modification of this Contract shall be made or be effective which will affect adversely the prompt payment when due of all moneys required to be paid by each Contracting Party under the terms of this Contract and no such change, amendment, or modification shall be made or be effective which would cause a violation of any provisions of any Bond Resolution.

Remedies Upon Default

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

[Remainder of Page Intentionally Left Blank]

SELECTED PROVISIONS OF THE RESOLUTION

5. DEFINITIONS. The definitions set forth in the preamble hereto are incorporated herein as if set forth in this section. 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 Resolution.

- (a) The terms "Authority" and "Issuer" shall have the meaning set forth in the preamble.
- (b) The term "Base Contract" means the Trinity River Authority of Texas-Denton Creek Regional Wastewater Treatment System Contract, dated October 28, 1987, between the Issuer and the Initial Contracting Parties.
- (c) 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.
- (d) The terms "Bond Resolution" and "Resolution" mean this resolution adopted by the Board of Directors of the Issuer authorizing the issuance of the Bonds.
- (e) The term "Bonds" means collectively the Bonds authorized by this Resolution, and all substitute bonds exchanged therefor and other substitute bonds as provided for in this Resolution.
- (f) The term "Code" means the United States Internal Revenue Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto.
- (g) The term "Contracting Parties" means the Initial Contracting Parties, the First Supplemental Contracting Parties, the Second Supplemental Contracting Party, the Third Supplemental Contracting Party, the Fourth Supplemental Contracting Party, the Fifth Supplemental Contracting Party, the Sixth Supplemental Contracting Party, the Seventh Supplemental Contracting Party, and any other entity which becomes an Additional Contracting Party and therefore a Contracting Party pursuant to the Base Contract, the First Supplemental Contract, the Second Supplemental Contract, the Third Supplemental Contract, the Fourth Supplemental Contract, the Fifth Supplemental Contract, the Sixth Supplemental Contract and the Seventh Supplemental Contract.
- (h) The term "Contracts" means collectively (a) the Base Contract, (b) the First Supplemental Contract, (c) the Second Supplemental Contract, (d) the Third Supplemental Contract, (e) the Fourth Supplemental Contract, (f) the Fifth Supplemental Contract, (g) the Sixth Supplemental Contract, (h) the Seventh Supplemental Contract, (i) any contracts with any entity which becomes an Additional Contracting Party and therefore a Contracting Party pursuant to the Base Contract, and (j) all other contracts and agreements executed between the Issuer and other entities in connection with the services of the System.
- (i) The terms "Denton Creek System" and "System" mean all of the Issuer's wastewater reception, treatment, and disposal facilities, as described and defined in the Contracts, serving the Contracting Parties in the area of the watershed or drainage basin of Denton Creek (a tributary of the Trinity River) in Denton and Tarrant Counties, Texas, together with all improvements and additions to and extensions, enlargements, and replacements of such facilities. However, said terms do not include any facilities acquired or constructed by the Issuer with the proceeds from the issuance of "Special Facilities Bonds", which are hereby defined as being revenue obligations of the Issuer which are not issued as Additional Bonds, and which are payable from any source, contract, or revenues whatsoever other than the Pledged Revenues; and Special Facilities Bonds may be issued for any lawful purpose and made payable from any source, contract, or revenues whatsoever other than the Pledged Revenues.

- (j) The term "Fifth Supplemental Contract" means the Trinity River Authority of Texas - Denton Creek Regional Wastewater Treatment System Fifth Supplemental Contract (Town of Westlake, Texas), dated March 1, 2000, between the Issuer and the Fifth Supplemental Contracting Party.
- (k) The term "Fifth Supplemental Contracting Party" means the Town of Westlake, Texas.
- (l) The term "First Supplemental Contract" means the Trinity River Authority of Texas - Denton Creek Regional Wastewater Treatment System Supplemental Contract (City of Southlake and Lake Turner Municipal Utility District No. 1), dated April 27, 1988, between the Issuer and the First Supplemental Contracting Parties.
- (m) The term "First Supplemental Contracting Parties" means the City of Southlake, Texas, and Circle T Municipal Utility District No. 1 of Tarrant and Denton Counties, Texas (formerly Lake Turner Municipal Utility District No. 1 of Tarrant and Denton Counties, Texas).
- (n) The term "Fourth Supplemental Contract" means the Trinity River Authority of Texas - Denton Creek Regional Wastewater Treatment System Fourth Supplemental Contract (Town of Flower Mound, Texas), dated March 1, 2000, between the Issuer and the Fourth Supplemental Contracting Party.
- (o) The term "Fourth Supplemental Contracting Party" means the Town of Flower Mound, Texas.
- (p) 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 income from the investment of money in any Funds created by this Resolution, excepting any amounts required to be rebated to the Internal Revenue Service in accordance with this Resolution.
- (q) The term "Initial Contracting Parties" means the Cities of Fort Worth, Haslet, and Roanoke, Texas.
- (r) 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.
- (s) 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 resolutions authorizing the issuance of Parity Bonds, 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.
- (t) The term "Parity Bonds" means collectively (i) the Bonds and (ii) any Series 2011 Refunding Bonds, Series 2011A Bonds, Series 2012 Bonds, Series 2013 Bonds, Series 2016 Refunding Bonds, Series 2016 Bonds, Series 2017 Refunding Bonds, and Series 2019 Bonds which will be outstanding and payable from the Pledged Revenues after the delivery of the Bonds.
- (u) 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.

- (v) The term "Second Supplemental Contract" means the Trinity River Authority of Texas - Denton Creek Regional Wastewater Treatment System Second Supplemental Contract (City of Keller, Texas), dated April 22, 1992, between the Issuer and the Second Supplemental Contracting Party.
- (w) The term "Second Supplemental Contracting Party" means the City of Keller, Texas.
- (x) The term "Seventh Supplemental Contract" means the Trinity River Authority of Texas - Denton Creek Regional Wastewater Treatment System Sixth Supplemental Contract (Town of Argyle, Texas), dated December 6, 2006, as amended on December 5, 2007, between the Issuer and the Seventh Supplemental Contracting Party.
- (y) The term "Seventh Supplemental Contracting Party" means the Town of Argyle, Texas.
- (z) The term "Sixth Supplemental Contract" means the Trinity River Authority of Texas - Denton Creek Regional Wastewater Treatment System Sixth Supplemental Contract (Town of Northlake, Texas), dated December 1, 2001, between the Issuer and the Sixth Supplemental Contracting Party.
- (aa) The term "Sixth Supplemental Contracting Party" means the Town of Northlake, Texas.
- (bb) The term "Third Supplemental Contract" means the Trinity River Authority of Texas - Denton Creek Regional Wastewater Treatment System Third Supplemental Contract (Lake Turner Municipal Utility District No. 3), dated August 24, 1994, between the Issuer and the Third Supplemental Contracting Party.
- (cc) The term "Third Supplemental Contracting Party" means Circle T Municipal Utility District No. 3 of Tarrant and Denton Counties, Texas (formerly Lake Turner Municipal Utility District No. 3 of Tarrant and Denton Counties, Texas).
- (dd) The terms "year" or "fiscal year" shall mean the Authority'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 Resolution are "Additional Bonds" as permitted by Sections 18 and 19 of the resolutions authorizing the issuance of the currently outstanding Parity Bonds. Sections 5 through 21 of this Resolution are supplemental to and cumulative of Sections 5 through 21 of the resolutions authorizing the issuance of the currently outstanding Parity Bonds, with Sections 5 through 21 of this Resolution to be applicable to all Parity Bonds. 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 Sinking Fund, the Reserve Fund, and the Contingency Fund as provided in this Resolution.

(b) Chapter 1208, Government Code, applies to the issuance of the Bonds and the pledge of the Pledged Revenues granted by the Issuer under this Section, and is therefore valid, effective, and perfected. If Texas law is amended at any time while the Bonds are outstanding and unpaid such that the pledge of the Pledged Revenues granted by the Issuer under this Section is to be subject to the filing requirements of Chapter 9, 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 7. REVENUE FUND CREATION. There has been created, and there shall be established and maintained on the books of the Issuer, and accounted for separate and apart from all other funds of the Issuer, a special fund to be entitled the "Trinity River Authority of Texas Denton Creek Regional Wastewater Treatment System Revenue Bonds Revenue Fund" (hereinafter called the "Revenue Fund"). All Gross Revenues of the System (excepting investment income from any Fund other than the Revenue Fund) shall be credited to the Revenue Fund promptly after they become available. All Operation and Maintenance Expenses of the System shall be paid from the Gross Revenues of the System, as a first charge against same.

Section 8. INTEREST AND SINKING FUND. For the sole purpose of providing an interest and sinking fund for paying the principal of and interest on all Parity Bonds and any Additional Bonds, as the same come due, there has been created and there shall be established and maintained on the books of the Issuer a separate fund to be entitled the "Trinity River Authority of Texas Denton Creek Regional Wastewater Treatment System Revenue Bonds Interest and Sinking Fund" (hereinafter called the "Interest and Sinking Fund").

Section 9. RESERVE FUND. There has been created and there shall be established and maintained on the books of the Issuer a separate fund to be entitled the "Trinity River Authority of Texas Denton Creek Regional Wastewater Treatment 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 Sinking Fund and Contingency Fund are insufficient for such purpose.

Section 10. CONTINGENCY FUND. There has been created and there shall be established and maintained on the books of the Issuer a separate fund to be entitled the "Trinity River Authority of Texas Denton Creek Regional Wastewater Treatment 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 Parity Bonds or Additional Bonds, when and to the extent the amount in the Interest and Sinking Fund is insufficient for such purpose.

Section 11. REVENUE FUND. All Pledged Revenues shall be credited as received by the Issuer to the Revenue Fund, and shall be deposited from the Revenue Fund into the other Funds created by this Resolution, in the manner and amounts hereinafter provided, and each of such Fund shall have priority as to such deposits in the order in which they are treated in the following Sections.

Section 12. INTEREST AND SINKING FUND REQUIREMENTS. There shall be deposited into the Interest and Sinking Fund the following:

(a) promptly after the delivery of the Bonds the Issuer shall cause to be deposited to the credit of the Interest and Sinking Fund, from the proceeds received from the sale and delivery of the Bonds, the accrued interest received, if any.

(b) on or before the last day of the January or July, whichever comes first, immediately following delivery of the Bonds to the purchaser thereof, and semiannually thereafter, on or before the last day of each January and July, an amount sufficient, together with other amounts, if any, then on hand in the Interest and Sinking Fund and available for such purpose, to pay the interest and/or principal and interest scheduled to accrue and come due on the Parity Bonds and any Additional Bonds on the next succeeding interest payment date.

The Interest and Sinking Fund shall be used solely to pay the principal of and interest on the Parity Bonds and any Additional Bonds as such principal matures and such interest comes due.

Section 13. RESERVE REQUIREMENTS. If required, immediately after the delivery of the Bonds, the Issuer will deposit in the Reserve Fund an amount of money derived from the sale of the Bonds which, when added to the amount of money and investments now on deposit will at least equal in market value the average annual principal and interest requirements of the Parity Bonds (the "Reserve Required Amount"). No deposits shall be made into the Reserve Fund as long as the money and investments in the Reserve Fund are at least equal in market

value to the Reserve Required Amount; but if and whenever the market value of money and investments in the Reserve Fund is reduced below said Reserve Required Amount because of a decrease in market value of investments, then the Issuer shall require the Contracting Parties to increase their payments under their Contracts as soon as practicable, and in any event within one year, in an amount sufficient to restore the Reserve Fund to the Reserve Required Amount; and in the event the Reserve Fund is used to pay the principal of or interest on the Parity Bonds because of insufficient amounts being available in the Interest and Sinking Fund and/or the Contingency Fund, then the Issuer shall require the Contracting Parties to increase their payments under their Contracts in an amount sufficient to restore the Reserve Fund to the Reserve Required Amount in market value, and the Issuer shall deposit in the Reserve Fund, in approximately equal semiannual installments, such amounts as are required to restore the Reserve Fund to the Reserve Required Amount in market value within five years from any date of the use of the Reserve Fund to pay such principal or interest. If and whenever Additional Bonds are issued pursuant to Section 18, then the term "Reserve Required Amount" thereafter shall mean an amount in market value equal to the average annual principal and interest requirements of all Parity Bonds and Additional Bonds which will be outstanding after the issuance of each installment of Additional Bonds.

Section 14. CONTINGENCY REQUIREMENTS. There is currently on deposit in the Contingency Fund the sum of \$100,000. 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 Sinking 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 \$100,000 (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 Sinking Fund.

Section 15. INVESTMENTS.

(a) Money in any Fund maintained pursuant to this Resolution may, at the option of the Issuer, be placed in interest bearing time deposits with banks secured by obligations of the kind hereinafter described, or be invested in direct obligations of the United States of America, obligations the principal of and interest on which are guaranteed by the United States of America, or invested in direct obligations of the Federal Intermediate Credit Banks, Federal Land Banks, Banks for Cooperatives, or Federal Home Loan Banks. Such deposits and investments shall be made consistent with the estimated requirements of such Funds, and any obligation in which money is so invested shall be kept and held for the benefit of the owners of the Parity Bonds, and shall be promptly sold and the proceeds of sale applied to the making of all payments required to be made from the Fund from which the investment was made. All earnings from the deposit or investment of any such Fund shall be credited to such Fund, except that if on February 1 of any year the Reserve Fund should contain an amount in excess of the Reserve Required Amount in market value, such excess shall be deposited into the Interest and Sinking Fund. All investment earnings on deposit in the Interest and Sinking Fund shall reduce the amounts which otherwise would be required to be deposited therein. Uninvested money in any Fund shall be secured in the manner prescribed by law for securing funds of the Issuer.

(b) Notwithstanding any other provisions of this Resolution, all investment income, if any, required by the United States Internal Revenue Code to be rebated by the Issuer to the Internal Revenue Service in order to prevent the Parity Bonds from being or becoming taxable "arbitrage bonds" under said Code shall be withdrawn from each Fund created by this Resolution and so rebated to the extent so required.

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 Sinking 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.

(b) Subject to making the required deposits to the credit of the Interest and Sinking Fund, the Reserve Fund, and the Contingency Fund, when and as required by this 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 February 1 or August 1, whichever comes first, immediately following delivery of the Bonds to the purchaser thereof, and semiannually on or before each February 1 and August 1 thereafter while any of the Parity Bonds or Additional Bonds are outstanding and unpaid, the Issuer shall make available to the Paying Agent/Registrar, out of the Interest and Sinking Fund, or 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 be payable on each such February 1 and August 1.

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 Sinking Fund, the Reserve Fund, and the Contingency Fund established pursuant to this 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 Resolution and the provisions of each resolution authorizing Additional Bonds to be deposited to the credit of the Interest and Sinking Fund, the Issuer shall deposit to the credit of the Interest and Sinking 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 120 approximately equal monthly installments, made on or before the 25th day of each month following the delivery of the then proposed Additional Bonds.

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

(d) The principal of all Additional Bonds must be scheduled to be paid or mature on February 1 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 Sinking 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 Sinking 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 and will use its best efforts to acquire and construct the System as provided in the Contracts, 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 carry fire, casualty, public liability, and other insurance (including self-insurance to the extent deemed advisable by the Issuer) on the System for purposes and in amounts which ordinarily would be carried by a privately owned utility company owning and operating such facilities, except that the Issuer shall not be required to carry liability insurance except to insure itself against risk of loss due to claims for which it can, in the opinion of the Issuer's legal counsel, be liable under the Texas Tort Claims Act or any similar law or judicial decision. Such insurance will provide, to the extent feasible and practical, for the restoration of damaged or destroyed properties and equipment to minimize the interruption of the services of such facilities. All such policies shall be open to the inspection of the owners of the Parity 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 Sinking 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 any owner of any Parity 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 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 or 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, 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 such 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 Parity 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 Pledged 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.

(f) The Authorized Officer may modify the securities that are eligible to be Defeasance Securities and any such modification shall be reflected in the Pricing Certificate.

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 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 on the Bonds.

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

[Remainder of Page Intentionally Left Blank]

THE AUTHORITY

The Authority's Activities

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

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

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

The Authority's Revenue-Based Projects

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

Project Name (Non-Operating)	Cities and Entities Served
Lakeview Regional Water Supply Project	Cedar Hill, Duncanville, and Grand Prairie
Navarro Mills Reservoir	Corsicana
Bardwell Reservoir	Ennis and Ellis County WCID #1
Joe Pool Lake Project	Cedar Hill, Duncanville, Grand Prairie, and Midlothian
Ellis County Regional Water Supply Project	Cities of Ferris, Italy, Maypearl, Midlothian, Palmer and Red Oak; Ellis County WC&ID No. 1, Avalon Water and Sewer Service Corporation, Nash-Forreston, and Buena Vista-Bethel Water Supply Corporations.
Freestone Raw Water Supply Project	Freestone Power Generation LP
Ennis Raw Water Supply Project	Ennis
Fort Worth Sendera Ranch Project	Fort Worth
Pollution Control Facilities	Community Waste Disposal, Inc. and Texas Utilities Electric Co.
Denton Creek Wastewater Transportation Project	Argyle, Flower Mound and Northlake

The Future Role of the Authority

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

1. Master Planning.

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

2. Revenue-based Services. When desired by others and when an adequate revenue base and other finances are available, the Authority will exercise its powers to provide needed services in the areas of water supply, wastewater treatment, parks and recreational facilities, pollution control facilities and solid waste disposal.

3. Federal Projects. The Authority will continue to serve as local sponsor of the Navarro Mills Reservoir, Bardwell Reservoir, the Wallisville Salt Water Barrier Project and Joe Pool Lake.

4. Public Information. The Authority will continue to encourage the public's understanding of the complex interrelationships among the people, resources, economy and environment of the Trinity River Basin.

5. Tax based Services. If there is public support, the Authority will seek to obtain some form of tax-based support for specific programs which should be implemented for comprehensive management of the basin's soil and water resources: conservation of the use of water, soil conservation, water oriented recreation and adequate public access to the river and basin lakes, greenbelts, preservation of natural areas, fish and wildlife mitigation, coordination of floodwater reservoir releases, and full dissemination of flood plain information under the Flood Insurance Act throughout the Authority's territory. At this time the Authority has no plans to pursue any form of tax based support for these programs.

6. The Authority's Territory. In order to provide services on a truly basin wide basis, the Authority will support legislation to add to its territory those parts of the basin not presently within the Authority's defined territory if this is desired by any of the involved counties.

7. Financing of Flood Control and Navigation Projects. Implementation of flood control (by whatever means) and navigation projects should be through a combination of revenues, locally provided taxes and federal funds. The Authority's support of any navigation project is based on three conditions: public support, environmental soundness and economic feasibility.-

Pension Plan

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

[Remainder of Page Intentionally Left Blank]

OTHER OUTSTANDING INDEBTEDNESS OF THE AUTHORITY

The Authority has Outstanding bonds which are listed below. The Outstanding bonds are system or project specific and payable from each of the related system's or project' revenues. See "THE BONDS - Security and Source of Payment."

OUTSTANDING BONDS OF THE AUTHORITY		Outstanding November 5, 2020
Total Outstanding Principal by System/Project:		
Central Regional Wastewater System	\$	995,850,000 ⁽¹⁾⁽²⁾
Denton Creek Regional Wastewater Treatment System		111,090,000 ⁽³⁾
City of Fort Worth Water & Wastewater Transmission Contract (Sendera Ranch Project)		1,520,000
Trinity River Authority of Texas (General Improvement Project of The Authority)		1,877,117
Huntsville Regional Water Supply System		1,920,000
Livingston Regional Water Supply Project		18,625,000
Mountain Creek Regional Wastewater System		50,950,000
Northeast Lakeview Wastewater Transportation Project		7,260,000
Red Oak Creek Regional Wastewater System		87,980,000
Tarrant County Water Project		121,945,000
Ten Mile Creek Regional Wastewater System		128,745,000
Town of Flower Mound Wastewater Transportation Project		2,875,000
Trinity County Regional Water Supply System Project		450,000
Walker Calloway System		6,130,000
SUB-TOTAL	\$	1,537,217,117
The Bonds	\$	26,755,000
TOTAL	\$	1,563,972,117

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

Outstanding Principal - Conduit Debt:		Outstanding November 5, 2020
Community Waste Disposal, L.P.	\$	17,100,000

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

Outstanding Principal - Project:		Outstanding November 5, 2020
Bardwell Reservoir (City of Ennis and Ellis Co. WCID#1)	\$	536,941
Joe Pool Lake ARRA Costs		124,714
Wallisville Lake (City of Houston)		8,363,976
TOTAL	\$	9,025,631

Cost-Share Liability Pay-off		Outstanding November 5, 2020
Lake Livingston (City of Houston)	\$	69,198,457 ⁽⁴⁾

⁽¹⁾ Does not include debt service on the \$350,000,000 Extendable Commercial Paper Bonds ("ECP Bonds") program for the Authority's Central Regional Wastewater System ("CRWS"). The ECP Bonds are secured by and payable from a first lien on the net revenues of the CRWS system created in the resolution authorizing their issuance; provided that the pledge of net revenues securing the ECP Bonds is expressly made junior and subordinate to the pledge of net revenues securing First Lien Bonds of CRWS. The ECP Bonds are and shall be secured by and payable only from the net revenues of CRWS, from the proceeds from the sale of ECP Bonds to refinance maturing ECP Bonds (i.e., "roll") and the proceeds of refunding bonds to be issued by the Authority.

⁽²⁾ The Authority is scheduled to deliver its Regional Wastewater System Revenue Refunding Bonds, Series 2020 on November 4, 2020 to refund all of that system's Series 2009 and Series 2010A bonds. Balances excludes refunded

bonds.

(3) Excludes Refunded Bonds.

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

TAX MATTERS

Opinion

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

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

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be, and to remain, excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The opinion of Bond Counsel to the Issuer is conditioned on compliance by the Issuer with the covenants and the requirements described in the preceding paragraph, and Bond Counsel to the Issuer has not been retained to monitor compliance with these requirements subsequent to the issuance of the Bonds.

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

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

Federal Income Tax Accounting Treatment of Original Issue Discount

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

Under Existing Law, any owner who has purchased such Original Issue Discount Bond in the initial public offering is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to

such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the accrual period. For a discussion of certain collateral federal tax consequences, see discussion set forth below.

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

Under existing law, the original issue discount on each Original Issue Discount Bond is accrued daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the date of the Bonds and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Bond for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (a) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Original Issue Discount Bond.

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

Collateral Federal Income Tax Consequences

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

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

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

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

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

State, Local and Foreign Taxes

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

Information Reporting and Backup Withholding

Subject to certain exceptions, information reports describing interest income, including original issue discount, with respect to the Bonds will be sent to each registered holder and to the IRS. Payments of interest and principal may be subject to backup withholding under section 3406 of the Code if a recipient of the payments fails to furnish to the payor such owner's social security number or other taxpayer identification number ("TIN"), furnishes an incorrect TIN, or otherwise fails to establish an exemption from the backup withholding tax. Any amounts so withheld would be allowed as a credit against the recipient's federal income tax. Special rules apply to partnerships, estates and trusts, and in certain circumstances, and in respect of Non-U.S. Holders, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

Future and Proposed Legislation

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

CONTINUING DISCLOSURE OF INFORMATION

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

Annual Reports

The Authority and the Contracting Parties will provide certain updated financial information and operating data to the MSRB annually. The information to be provided and updated by the Contracting Parties includes all quantitative financial information and operating data with respect to the particular Contracting Parties of the general type included in APPENDIX B to this Official Statement and each Contracting Party's audited financial statements, when and if available. Each of the Contracting Parties will file such financial information and operating data with the MSRB through its Electronic Municipal Market ("EMMA") system within six months after the end of each respective Contracting Party's fiscal year, beginning with the fiscal year ending in 2020. In addition, each Contracting Party will file its audited financial statements, when and if available, with the MSRB through its EMMA system within twelve months after the end of the Contracting Party's fiscal year, beginning with the fiscal year ending in 2020. If the audit of the particular Contracting Party's financial statements is not complete within twelve months after any such fiscal year end, then that Contracting Party shall file unaudited financial statements within such twelve month period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes available. The Authority will file its audited financial statements, when and if available, within six months after the end of its fiscal year, beginning with the fiscal year ending in 2020. If audited financial statements are not available by the required time, the Authority will provide unaudited financial statements within the required time and audited financial statements when and if such audited financial statements become available. Any such financial statements will be prepared in accordance with generally accepted accounting

principles in effect at the time or that the Authority or the Contracting Parties may be required to employ from time to time pursuant to State law or regulation.

The financial information and operating data to be provided and updated by the Contracting Parties may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's Internet Web site or filed with the United States Securities and Exchange Commission (the "SEC"), as permitted by the Rule.

The Authority's fiscal year end is November 30 and each of the Contracting Party's fiscal year end is September 30, except for Circle T Municipal Utility District No. 1 and Circle T Municipal Utility District No. 3, which end on December 31. Accordingly, each Contracting Party must provide updated information by March 31 (or June 30 for Circle T Municipal Utility District No. 1 and Circle T Municipal Utility District No. 3) in each year and the Authority must provide updated information by May 31 in each year, unless any Contracting Party or the Authority, as applicable, changes its fiscal year. If any Contracting Party or the Authority change their fiscal year, such Contracting Party or the Authority, as applicable, will notify the MSRB of the change.

All financial information, operating data, and financial statements and notices required to be provided by to the MSRB shall be provided in electronic format and be accompanied by identifying information prescribed by the MSRB.

Disclosure Event Notices

The Authority will provide timely notices of certain events to the MSRB. The Authority will provide notice in an electronic format as prescribed by the MSRB, in a timely manner (but not in excess of ten business days after the occurrence of the event), of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) Bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the Authority; (13) the consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of the assets of the Authority, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor Paying Agent/Registrar or change in the name of the Paying Agent/Registrar, if material; (15) incurrence of a financial obligation of the Authority, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of any such financial obligation of the Authority, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of any such financial obligation of the Authority, any of which reflect financial difficulties.

Additionally, the Contracting Parties will provide timely notices of certain events to the MSRB. The Contracting Parties will provide notice in an electronic format as prescribed by the MSRB, in a timely manner (but not in excess of ten business days after the occurrence of the event), of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) Bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the Contracting Party; (13) the consummation of a merger, consolidation, or acquisition involving the Contracting Party or the sale of all or substantially all of the assets of the Contracting Party, 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; (14) appointment of a successor Paying Agent/Registrar or change in the name of the Paying Agent/Registrar, if material; (15) incurrence of a financial obligation of the Contracting Party, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of any such financial obligation of the Contracting Party, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of any such financial obligation of the Contracting Party, any of which reflect financial difficulties.

The term “Financial Obligation” as used in the preceding two paragraphs has the meaning assigned in the Rule: (a) a debt obligation; (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) a guarantee of (a) or (b) above. Pursuant to the Rule, the term Financial Obligation does not include municipal securities for which a final official statement has been provided to the MSRB consistent with the Rule. For purposes of each Contracting Party’s obligation make event filings, and particularly with the events described in (15) and (16), in the immediately preceding paragraph the Contracting Party shall make filings for only those events which relate to or impact the credit of the Authority’s Bonds.

Neither the Bonds nor the Resolution makes any provision for credit enhancement.

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

Availability of Information

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

Limitations and Amendments

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

The Authority or the Contracting Parties may amend their continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Contracting Parties, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or (b) any person unaffiliated with the Authority or the Contracting Parties (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. The Authority or the Contracting Parties may also amend or repeal the

provisions of the continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds. If the Authority or the Contracting Parties so amend the agreement, the Contracting Parties have agreed to include with the next financial information and operating data provided in accordance with their respective agreement described above under “Annual Reports” an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

Compliance With Prior Undertakings

Consistent with its prior continuing disclosure undertakings relating to its bonds, the Authority assumed certain responsibilities and the Contracting Parties assumed certain responsibilities for filing information, as described above. The Authority is responsible for making its filings in connection with the Rule but does not provide continuing disclosure filings for the Contracting Parties.

Authority... During the last five years, the Authority has complied in all material respects with all continuing disclosure undertakings made by it relating to its Outstanding Parity Bonds in accordance with the Rule.

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

OTHER INFORMATION

Ratings

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

Litigation

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

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

Registration and Qualification of Bonds for Sale

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

Legal Investments and Eligibility to Secure Public Funds in Texas

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

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

Legal Matters

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

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

Authenticity of Financial Data and Other Information

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

Financial Advisor

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

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

Underwriting

The Underwriters have agreed, subject to certain conditions, to purchase the Bonds from the Authority at a purchase price of \$31,903,156.49, which represents the par amount of the Bonds, plus a premium of \$5,316,693.65, less an Underwriters’ discount of \$168,537.16, and no accrued interest. The Underwriters’ obligations are subject to certain conditions precedent, and they will be obligated to purchase all of the Bonds if any of the Bonds are purchased. The Bonds may be offered and sold to certain dealers and others at prices lower than such public offering prices, and such public prices may be changed from time to time by the Underwriters.

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

BofA Securities, Inc., as an underwriter of the Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated (“MLPF&S”). As part of this arrangement, BofA Securities, Inc. may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities, Inc. may compensate MLPF&S as a dealer for their selling efforts with respect to the Bonds.

Forward-Looking Statements Disclaimer

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

The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be

taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial, and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the Authority. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

Potential Impact of Global Pandemic

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the "Pandemic") by the World Health Organization and is currently affecting many parts of the world, including the United States and Texas. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President's Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

On March 13, 2020, the Governor of Texas (the "Governor") declared a state of disaster for all counties in Texas in response to the Pandemic. Pursuant to Chapter 418 of the Texas Government Code, the Governor has broad authority to respond to disasters, including suspending any regulatory statute prescribing the procedures for conducting state business or any order or rule of a state agency that would in any way prevent, hinder, or delay necessary action in coping with the disaster, and issuing executive orders that have the force and effect of law. The Governor has since issued a number of executive orders relating to COVID-19 preparedness and mitigation. On April 27, 2020, the Governor released the Governor's Report to Open Texas and a new series of executive orders which together lay out the plan for reopening a group of closed businesses throughout the State in a phased approach. However, on July 2, 2020, in response to substantial increases in COVID-19 positive cases, and increases in the COVID-19 positivity rate and hospitalizations resulting from COVID 19, the Governor issued Executive Order GA-29 requiring every person in Texas counties with 20 or more positive COVID-19 cases to wear a face covering over the nose and mouth when inside a commercial entity or other building or space open to the public, or when in an outdoor public space, wherever it is not feasible to maintain six feet of social distancing from another person not in the same household, subject to certain exceptions. The Governor also issued a proclamation giving mayors and county judges the ability to impose restrictions on some outdoor gatherings of over 10 people, and making it mandatory that, with certain exceptions, people cannot be in groups larger than ten and must maintain six feet of social distancing from others. The Governor retains the authority to impose additional restrictions on activities. Additional information regarding executive orders issued by the Governor is accessible on the website of the Governor at <https://gov.texas.gov/>.

In addition to the actions by the state and federal officials, certain local officials, including the officials in the Contracting Parties, have declared a local state of disaster and public health emergency and in many instances have issued "shelter-in-place" orders. Many of the federal, state and local actions and policies under the aforementioned disaster declarations and shelter-in-place orders have been focused on limiting instances where the public can congregate or interact with each other, which affects the operation of businesses and directly impacts the economy. The outbreak of COVID-19 has adversely affected travel, commerce, and financial markets locally and globally, with particular adverse effects on international trade and energy-related industries. The outbreak is widely expected to adversely affect economic growth for the near future. Such adverse economic conditions, if they continue, could result in declines in demand for residential and commercial property within the Contracting Parties. As of the date of this Official Statement, no Contracting Party has informed the Authority of any actual or imminent complication in making their respective payments under the Contracts, on time and in full, as a result of the Pandemic. Neither the Contracting Parties nor the Authority can predict with certainty the effect of the outbreak, if any, on their respective operations, the local economies or financial results, but the effect could be material and adverse. The financial and operating data contained herein with respect to the Authority and the Contracting Parties are as of dates and for periods prior to the economic impact of the Pandemic and measures instituted to slow it. Accordingly, this information may not be indicative of the current financial condition or future prospects of the Authority or the Contracting Parties.

Miscellaneous

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

TRINITY RIVER AUTHORITY OF TEXAS

/s/ _____ J. Kevin Ward

J. KEVIN WARD

General Manager

SCHEDULE I
Refunded Bonds

Trinity River Authority of Texas
Denton Creek Regional Wastewater Treatment System Revenue Bonds, Series 2009

Original Maturity	Interest Rates (%)	Amount Refunded (\$)	Redemption Date	Redemption Price
2/1/2021	3.100	\$ 285,000	11/12/2020	100%
2/1/2022	3.250	295,000	11/12/2020	100%
2/1/2023	3.400	305,000	11/12/2020	100%
2/1/2024	3.500	315,000	11/12/2020	100%
2/1/2025	3.800	330,000	11/12/2020	100%
2/1/2026	3.950	340,000	11/12/2020	100%
2/1/2027	4.000	355,000	11/12/2020	100%
2/1/2028	4.050	370,000	11/12/2020	100%
2/1/2029	4.100	385,000	11/12/2020	100%
2/1/2030	4.100	400,000	11/12/2020	100%
2/1/2031	4.200	420,000	11/12/2020	100%
2/1/2032	4.250	435,000	11/12/2020	100%
2/1/2033	4.300	455,000	11/12/2020	100%
2/1/2034	4.300	475,000	11/12/2020	100%
2/1/2035	4.400	495,000	11/12/2020	100%
2/1/2036	4.400	515,000	11/12/2020	100%
		<u>\$ 6,175,000</u>		

Trinity River Authority of Texas
Denton Creek Regional Wastewater Treatment System Revenue Bonds, Series 2011

Original Maturity	Interest Rates (%)	Amount Refunded (\$)	Redemption Date	Redemption Price
2/1/2022	3.030	\$ 200,000	2/1/2021	100%
2/1/2023	3.180	200,000	2/1/2021	100%
2/1/2024	3.280	200,000	2/1/2021	100%
2/1/2025	3.380	200,000	2/1/2021	100%
2/1/2026	3.530	200,000	2/1/2021	100%
2/1/2027	3.630	200,000	2/1/2021	100%
2/1/2028	3.780	2,500,000	2/1/2021	100%
2/1/2029	3.880	2,450,000	2/1/2021	100%
2/1/2030	3.930	2,400,000	2/1/2021	100%
2/1/2031	4.030	2,350,000	2/1/2021	100%
2/1/2032	4.080	2,300,000	2/1/2021	100%
2/1/2033	4.130	1,300,000	2/1/2021	100%
2/1/2034	4.230	1,100,000	2/1/2021	100%
2/1/2035	4.330	1,000,000	2/1/2021	100%
2/1/2036	4.380	600,000	2/1/2021	100%
2/1/2037	4.380	250,000	2/1/2021	100%
2/1/2038	4.380	215,000	2/1/2021	100%
		<u>\$ 17,665,000</u>		

APPENDIX A

BIOGRAPHICAL INFORMATION

*Board of Directors
and
Management Officers*

BOARD OF DIRECTORS

KEVIN MAXWELL of Crockett, Texas (President and member, Executive Committee). Maxwell is president of S.C. Maxwell Co. Inc., a construction, real estate and ranching business. Maxwell is a member of the Texas Wildlife Association, a member of the Sharon Temple Shriners and a 32nd degree Scottish Rite mason. He is president of the Crockett Athletic Booster Club and a member of the Houston Livestock Show and Rodeo Go Texan Committee. In the past, Maxwell has been chairman of the Crockett Area Chamber of Commerce, president of the Crockett Merchants Little League, master of the Lothrop Masonic Lodge and member of the Crockett Rotary Club. He earned a bachelor's degree from Sam Houston State University. Maxwell was reappointed as director for Houston County in 2017.

TOMMY G. FORDYCE of Huntsville, Texas (Vice-President and member, Executive Committee). Fordyce is a retired director of the Texas Criminal Justice Agribusiness Department. He is chair of the Huntsville Economic Development Council and vice president of the Lone Survivor Foundation. He is also a member of the Texas Assistive and Rehabilitative Services Council, the Kick Start for Kids program and the Huntsville Veterans' Affairs Advisory Board. He served in the U.S. Marine Corps and is a Vietnam War veteran. Fordyce earned a bachelor's degree from Sam Houston State University. Fordyce was reappointed as director for Walker County in 2019.

DAVID B. LEONARD of Liberty, Texas (Chairman, Executive Committee). Leonard is the general manager and owner of Liberty-Dayton Chrysler, an auto dealership. He is a member of the Liberty-Dayton Chamber of Commerce and a member and past president of the Liberty Lions Club. Leonard is the director of the Knights of Columbus and a member of the Liberty Elks Lodge. He is past director of the Trinity Valley Exposition. He attended Lee College and was reappointed as director for Liberty County in 2019.

HENRY BORBOLLA III of Fort Worth, Texas (member, Executive Committee, and Chairman, Administration and Audit Committee). Henry Borbolla is a Fort Worth native and graduate of TCU. He is a banker with BB&T - Branch Banking & Trust and provides a wide range of financing, treasury management and risk management services to business clients in the greater Tarrant County area. His community involvements include board or committee positions with Big Brothers Big Sisters, Bobby Bragan Youth Foundation, Casa Manana, Catholic Charities, Community Hospice of Texas, Fort Worth Stock Show, Tarrant County Housing Partnership, and the University of North Texas Health Science Center Foundation. Others include the Fort Worth Visitors and Convention Bureau, Downtown Design Review Board, and the Trinity River Authority. He is a member of the Rotary Club of Fort Worth and the Fort Worth Stock Show Syndicate. Borbolla was reappointed as director for Tarrant County in 2019.

JOHN W. JENKINS of Hankamer, Texas (member, Executive Committee, and Chairman, Resources Development Committee). Jenkins is a self-employed partner in a major farming enterprise. He graduated from Southwest Texas State University in 1981 with a bachelor's degree. He is a member of the Anahuac Area Chamber of Commerce. He serves on the boards of the Anahuac National Bank, the Texas Rice Council and the American Plant Food Corporation. Jenkins is also a committee chair for the Texas Gatorfest Committee. He is a former board member of the Trinity Bay Conservation District, the Devers Canal Rice Producers Association, the Trinity Valley Exposition, the Texas Rice Festival and the Chambers County Farm Bureau. Jenkins was appointed as director for TRA's Chambers County in 1997. He was reappointed as director at large in 2009. Jenkins served as president of TRA's board of directors from 2003-2005 and as vice president from 2001-2003. He was chairman of the executive committee from 2005-2007 and chairman of the resources development committee from 2000-2002. He served as chairman of the administration committee from 2007-2009 and chairman of the legal committee from 2009-2011. Jenkins was reappointed to the board in 2017 as director for Chambers County; he previously served on the board as director at large.

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

Business at Southern Methodist University in 2004. Rupani attended City College of Karachi in Pakistan. He was reappointed as director for Dallas County in 2019.

C. DWAYNE SOMERVILLE of Mexia, Texas (member, Executive Committee, and Chairman, Utility Services Committee). Somerville is president and owner of Natural Alternatives, Inc., Henderson RV Sales, Palestine RV Center, Eagle Ford RV Park, South Texas Family Housing, and Wash Mart Laundry, and president of Fairfield Homes and Land, LLC. He is a member of the Coin Laundry Association, an assistant scoutmaster of the Mexia Boy Scouts of America, and a youth group leader for the First Baptist Church of Mexia. Somerville attended Kilgore College. Somerville was reappointed as director for Freestone County in 2019.

CATHY ALTMAN of Midlothian, Texas (member, Administration and Audit Committee). Altman is an attorney and partner at Carrington Coleman Sloman & Blumenthal. She is a member of the American Bar Association, State Bar of Texas, Dallas Bar Association, and Ellis County Bar Association. She is chair of the Midlothian Chamber of Commerce, vice-president of the Ellis County Women in Business, board member of the North Texas Commission, and serves on the Governing Committee of the ABA Forum on Construction Law. Altman received a Bachelor of Arts in English from Vanderbilt University and a Juris Doctor degree from the University of Kentucky School of Law. Altman was appointed as director for Ellis County in 2018.

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

CARY “COLE” CAMP of Arlington, Texas, (member, Utility Services Committee) is a senior environmental specialist for Pioneer Natural Resources USA, Inc. He previously was a gubernatorial appointee to the Red River Authority, member of the Panhandle Water Planning Group, board member for Amarillo Opportunity School, and a participant with Amarillo ISD iLead program and the Randall County Sheriff Citizens Academy. Camp received a Bachelor of Arts in Political Science from University of Colorado at Colorado Springs. Camp was appointed as director at large for Tarrant County in 2019.

MEGAN W. DEEN of Fort Worth, Texas (member, Administration and Audit Committee). Deen is the chief financial officer for the Fort Worth Zoo. From 2011-2015, Deen was the accounting manager at Oak Hill Capital, and from 2002-2015, she was a senior manager at KPMG, LLP. She is a member of the American Institute of Certified Public Accountants. Additionally, Deen is a Sustainer of the Junior League of Fort Worth and a member of the Association of Zoos and Aquariums, as well as a volunteer at Trinity Valley School, and the annual giving chair and former finance committee member at the school. Deen received a bachelor's of business administration in accounting and finance and a master's of accountancy from Texas Christian University. Deen was appointed as a director for Tarrant County in 2018.

LISA A. HEMBRY of Dallas, Texas (member, Administration and Audit Committee) is the owner/manager of March Forth Communications, LLC. She retired as President/CEO of Literacy Instruction for Texas in 2018. Hembry was elected and served one term as Dallas County Treasurer (2002 – 2006). Currently, she serves on the boards of directors of Executive Women of Dallas, the Archives of Women of the Southwest - Southern Methodist University, Texas Capital Bank CDC Advisory Board, and is a member of the Town and Gown Club (SMU). She formerly served on boards of directors of the Dallas Arboretum and Botanical Garden, Texas County Treasurer's Association and Literacy Texas. Among her honors and awards are Texas gubernatorial appointments to the Texas County and District Retirement System (Trustee) and Texas Historical Commission (Commissioner), and a presidential appointment to the Institute of Museum and Library Services (IMLS) in Washington, D.C. She is a graduate of SMU and attended Cox School of Business Graduate Marketing Certificate program. Hembry was appointed as director for Dallas County in 2019.

JERRY F. HOUSE of Leona, Texas (member, Legal and Public Policy Committee). House is the owner of Leona General Store and Steakhouse and the Pecan Grove Café in Leona. He retired after 39 years of serving as a United Methodist Minister. He is a member of the Texas Restaurant Association, Southwest Cattlemen's Association, and the Friends of Fort Boggy State Park. House received a bachelor of arts from Southwestern University, a masters in Divinity from Southern Methodist University Perkins School of Theology, and a Doctor in Ministry from the McCormick Theological Seminary at the University of Chicago. House was appointed as director for Leon County in 2018.

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

VICTORIA K. LUCAS of Terrell (member, Legal and Public Policy Committee). Lucas is vice president for American National Bank of Texas. She is vice chairman and former chairman of economic development for the Terrell Chamber of Commerce and treasurer and past president of the Kaufman County A&M Club. Additionally, she is vice chair of development for the Terrell ISD Excellence Foundation, vice president of Friends of the Hulsey Public Library, and member of Social Science Club of Terrell and Kiwanis International. Lucas received her Bachelor of Science in industrial distribution from Texas A&M University. Lucas was reappointed as director for Kaufman County in 2018.

DENNIS "JOE" MCCLESKEY of Apple Springs, Texas (member, Resources Development Committee). McCleskey is owner of Angelina Excavating Inc. He is secretary/treasurer of the Piney Woods Chapter of the National Wild Turkey Federation and a member of the Texas Wildlife Association, the Lufkin Host Lions Club, and the Angelina County Youth Fair Buyers Group Committee. He is also past president of the Deep East Texas Association of Builders, a former committee member of the Hudson ISD Community Involvement Advisory Board, and a past volunteer with the Angelina County Habitat for Humanity. McCleskey was reappointed director for Trinity County in 2018.

ROBERT F. MCFARLANE, M.D. of Palestine (member, Legal and Public Policy Committee). McFarlane is a cardiologist with East Texas Physician's Alliance and chief of staff at Palestine Regional Hospital, and he is the managing partner of the BigWoods on the Trinity. He is a member of the Texas Medical Association and past director and a lifetime member of the Texas Wildlife Association. In addition, he founded the Trinity Waters Foundation and served as its president for five years. He also founded East Texas Black Gumbo Retriever Club. McFarlane received a Bachelor of Arts in chemistry from Harvard College and a Doctor of Medicine from Harvard Medical School, and is board certified in internal medicine and cardiology. McFarlane was appointed as director at large in 2017.

LEWIS H. McMAHAN of Dallas, Texas, (member, Resources Development Committee) is retired from a 37-year career at Texas Instruments working in the worldwide facilities/environmental health and safety organization. He served as its leader from 1998 until his retirement in December 2005. He is a member of the Texas Instruments Foundation Board and the Southern Methodist University (SMU) Lyle School of Engineering Advisory Board. He previously served on the Texas Water Development Board, Texas Instruments Alumni Association, Dallas Museum of Art, and the United Way of Metropolitan Dallas. McMahan received a Bachelor of Science in Civil Engineering from SMU. McMahan was appointed as director for Dallas County in 2019.

MANNY RACHAL of Livingston, Texas (member, Utility Services Committee). Rachal is president of Shrimp Boat Manny's, an established seafood restaurant since 1985. He is a successful real estate developer in Polk and Angelina counties, creating both Rachal Properties and M&N Investments. He is a member of the Polk and Angelina County Chamber of Commerce. Rachal was previously an active member of the Lafayette, Louisiana, Jaycees and the Evangeline Area Boy Scouts Council. He attended the University of Southwestern Louisiana. Rachal was reappointed as director for Polk County in 2017.

STEVEN L. ROBERTS of Coldspring, Texas (member, Resources Development Committee) is counsel to (and a former partner of) Eversheds-Sutherland, and a former partner of Fulbright & Jaworski (now Norton Rose Fulbright). Roberts is actively involved in adolescent drug recovery and education, and was a founding director/member of ArchwayAcademy.net and Cornerstone. He served in the U.S. Navy and worked for the Department of Corrections. Roberts holds a bachelor's degree from Sam Houston State University and a law degree from the University of Houston. He currently serves on various local boards and committees, including the San Jacinto County Appraisal District and works on the Houston Livestock and Rodeo, Grand Entry Committee. His work and service as a lawyer has been recognized by Chambers USA, Benchmark Litigation, the Texas Bar Foundation and other organizations. Roberts was appointed as director for San Jacinto County in 2018.

WILLIAM O. RODGERS of Fort Worth, Texas (member, Utility Services Committee). Rodgers is vice president of Collins and Young, LLC. He is a board member of the Fort Worth Nature Center and Edwards Family Charitable Giving. Rodgers received a bachelor's degree from Texas Christian University. Rodgers was appointed as director for Tarrant County in 2017.

FRANK H. STEED, JR. of Kerens (member, Utility Services Committee). Steed is a 45 plus year veteran of the restaurant industry and is president and CEO of The Steed Consultancy. He is president and commissioner of the Navarro County Emergency Services District #1 and a board member and past chairman of the Corsicana-Navarro County Chamber of Commerce. Previously, he served as a member of the Board of Governors of the University of North Texas School of Hospitality and the Women's Food Service Forum. Steed received an honorable discharge from the Mississippi Army National Guard. Steed was appointed as director for Navarro County in 2017.

BRENDA K. WALKER, Palestine, Texas (member, Legal and Public Policy Committee). Walker is an Area Manager for Oncor Electric Delivery. She is a board member of Tri-County Meals on Wheels, Leon County Economic Development Association, Cartmell Communities Inc., and the Leon County Local Emergency Planning Committee and serves as chair of the Real Estate committee of the City of Palestine. She is a past district governor for Rotary International and currently serves as chair of the Rotary Club of Palestine Satellite Evening Club and Rotary District 5910 Youth Exchange Treasurer. Walker received a Bachelor of Applied Business Administration from Dallas Baptist University. Walker was appointed as director for Anderson County in 2019.

DAVID G. WARD of Madisonville, Texas (member, Resources Development Committee). Ward is the owner of David Ward Investments and D&J Storage. Ward is a native of Madisonville who attended the University of Houston and graduated from Universal CIT-School of Finance, Ford Motor Company School of Dealership Management and General Motors University of Automotive Management. He is a member and past president of the Madisonville Sidewalk Cattleman's Association and the Madison County Chamber of Commerce. He is the past chairman of St. Joseph Foundation and Madison St. Joseph Health Center as well as an audit and compliance committee member of the CHI St. Joseph Health System; he is also past chairman of the Madisonville Building Standards Commission, Bryan Building Standards Commission, Brazos County Economic Development Council, Madisonville Crime Stoppers and the Madisonville Fire Board. Ward is the past president of the Madison County Economic Development Corporation and president of the Madison County Independent School District Scholarship Foundation. He is a life member of the Madison County Fair Association and the Houston Livestock Show & Rodeo, and a member of the Madison County Go Texas committee. Ward was appointed as a director for Madison County in 2018.

EDWARD C. WILLIAMS, III of Dallas (member, Utility Services Committee). Williams is managing director of World Class Capital Group. He is a scout master for Boy Scouts of America Troop 125. Williams received a Bachelor of Business Administration in finance and accounting from Oklahoma University and a Master of Business Administration from Southern Methodist University. Williams was appointed as director for Dallas County in 2017.

[Remainder of Page Intentionally Left Blank]

MANAGEMENT OFFICERS

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

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

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

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

PATRICIA M. CLEVELAND, Regional Manager, Northern Region. Cleveland earned a Bachelor of Science in Environmental Biology and Chemistry at Texas Wesleyan College. She began her career at the Trinity River Authority in 1976 as a Biologist in the Central Regional Wastewater System laboratory where she advanced to Manager of Laboratory Services in 1981. She became Manager of Technical Services in 1985 and moved to the General Office to assume the role of Manager of Wastewater Services Planning before being promoted to Northern Regional Manager of Operations. In 2011, Cleveland was promoted to Assistant Regional Manager, Northern Region, and advanced to her current position in July 2019.

She is active in several industry organizations. She is on the Water Environment Federation's Water Quality Committee; she served as past President with the Water Environment Association of Texas; she is active in the National Association of Clean Water Agencies where she served as a past Board member; she also served as the Board Representative on the National Security Coordinating Council for nine years and as the Chair from 2015-2016. Patty has been on the WaterISAC board of directors since 2010, and she also serves as NACWA's representative on that board. Additionally, she served as the President of the Texas Association of Clean Water Agencies in 2000.

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

JIMMIE R. SIMS, Regional Manager, Southern Region. Sims received a bachelor's degree from Texas A&M University. He began working for the Trinity River Authority in 1973 at the Devers Canal System and became Project Manager for Lake Livingston recreation facilities in 1977. In 1983 he became Project Manager for the Lake Livingston utility services project and advanced to Division Manager of the water services division in 1985. Sims was promoted to Assistant Regional Manager, Southern Region, in 1988 and advanced to his current position in 1996. Sims is a former member of the board of directors of the Huntsville-Walker County Chamber of Commerce. He has also served as chairman of the Huntsville Planning and Zoning Commission and is an active member of the American Water Works Association and the Texas Water Conservation Association. He has served on the board of directors of the Huntsville Boys Baseball Association and has been an active supporter of Huntsville area youth

baseball programs. In addition, Sims served as the executive vice president of the Huntsville Amateur Baseball Association and was recognized as the 2007 Volunteer of the Year by that organization.

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

GARY N. ORADAT, P.E., Manager, Planning, Design and Construction Administration. Oradat earned a Bachelor of Science in Civil Engineering from Texas A&M University in 1975. His career spans 40 years in both the public and private sectors. Prior to joining TRA, he held various positions with the city of Houston Department of Public Works and Engineering, including City Engineer and Deputy Director for the Engineering, Construction and Real Estate Division and the Public Utilities Division. After 23 years, he retired from the city in 2004 and joined the Coastal Water Authority (CWA) as Chief Engineer and went on to be named Executive Director. Upon leaving CWA in 2011, he founded Oradat & Associates, P.C. and most recently was the Water Utilities Practice Lead with Halff Associates. He joined the Trinity River Authority in 2019 to lead the newly developed Planning, Design and Construction Administration team.

Oradat's professional involvement includes being a past Chairman with The American Society for Testing and Materials plastic piping systems committee. He is an active member of several subcommittees including, sewer, trenchless technology and reinforced plastic piping systems. He is also a Chairman and a past Board member with the Gulf Coast Trenchless Association. He is currently a member of the American Public Works Association and the Society of American Military Engineers.

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

TAYLOR L. HUYNH, Manager, Administrative Services. Huynh received a B.S. degree in Management of Information Systems from the University of Texas at Arlington. Prior to joining the Trinity River Authority, Huynh served as case liaison serving the Texas Rehabilitation Commission and as HR Strategic Partner of an employment agency serving major technology and manufacturing employers in Tarrant and Dallas counties. She began working for TRA in January 19, 2000 as Personnel Services Manager and advanced to Human Resources Manager in 2013 serving as HR business partner and project manager for several enterprise software and systems implementations. She was promoted to her current position in December 2018. She has held leadership positions as Executive Committee member of the United Way of Tarrant County Impact Council for funding and grants, Parent Teacher Association and Uplift Education volunteer. She is an active supporter of United Way and local partner agencies and serves as Campaign Manager for TRA's annual fundraising events. She is an active member of the Society of Human Resource Management, the Fort Worth Human Resources Management Association and member of the International Association of HR Information Management. Huynh is a certified Senior Professional in Human Resources.

DOUGLAS L. SHORT, Chief Information Officer. Short was hired as the TRA's first Chief Information Officer in 2014 and leads all aspects of information technology and information security for the Authority. Prior to the Authority, Short served in the United States Air Force, enlisting as a Law Enforcement Specialist in 1986 and

subsequently was commissioned as a cyberspace operations officer. His career highlights include deployed command, command of two squadrons, and standup of the Air Force Cyber Schoolhouse. He retired in 2014 at the rank of Lieutenant Colonel. Among his educational accomplishments, he has completed a Bachelor of Science in Computer Science, a Master of Arts in Computer Resource and Information Management, the Air Command and Staff College, Joint and Combined Warfighting School, and Air War College. Additionally, he is a Certified Information Security Manager and Certified Government Chief Information Officer. Short has spoken at several national and local conferences on cybersecurity and sits on the Regional Advisory Board for NPower, a nonprofit assisting veterans transitioning into the civilian information technology field.

APPENDIX B

Trinity River Authority of Texas 2020 Denton Creek Regional Wastewater Treatment System^{*}

Contracting Parties:

Town of Argyle, Texas
Town of Flower Mound, Texas
City of Fort Worth, Texas
City of Haslet, Texas
City of Keller, Texas
Town of Northlake, Texas
City of Roanoke, Texas
City of Southlake, Texas
Town of Westlake, Texas
Circle T Municipal Utility District No. 1
Circle T Municipal Utility District No. 3

^{*} Financial and operating data presented in Appendix B is reproduced from the EMMA filings of the Contracting Parties

TOWN OF ARGYLE, TEXAS

The Town

The Town of Argyle was incorporated as a General Law, Type A, municipality in 1963 and is located in Denton County. The Town is thirteen (13) square miles in area and has a current population of approximately 4,040. Located in the high growth area between the cities of Fort Worth and Denton, Texas, the Town remains best known for its semi-rural character, rolling hills, tree-covered estates, and horse ranches.

The Town's proximity within the DFW Metroplex, combined with having Interstate 35W and U.S. Highway 377 frontage, creates a variety of opportunities for growth, both commercially and residentially. Most major employment centers as well as DFW and Alliance Airports, can be reached by Town residents within a fifteen to forty-five minute drive time.

Water and Wastewater Systems

The Town of Argyle Wastewater Utility Fund is considered an enterprise fund for the purpose of accounting for wastewater service operations. The Town currently contracts for wastewater collection and treatment with the Trinity River Authority (TRA) and the City of Denton. Limited wastewater collection service exists including 991 customers being served to date. However, as a result of a four-party contract between the TRA and the Towns of Argyle, Flower Mound and Northlake, a \$20 million wastewater collection system was constructed and completed in January 2013, providing wastewater collection service to over one quarter of the Town of Argyle's southern and southwestern areas.

The Town of Argyle contracts with the Argyle Water Supply Corporation (AWSC) for its supply and distribution of potable water. The Corporation serves water to 2,720 residents within the Town Limits. The franchise agreement with the Corporation expires in February 2025. In addition, AWSC provides wastewater service billing and collection for the aforementioned 991 customers.

TOWN OF FLOWER MOUND, TEXAS

TABLE 1 – CONDENSED STATEMENT OF OPERATIONS

	Fiscal Year Ended September 30,				
<u>Revenues</u>	2019	2018	2017	2016	2015
Charges for Services	\$ 43,501,848	\$ 47,879,346	\$ 43,591,542	\$ 41,078,859	\$ 39,275,502
Penalties, Fines and Forfeits	305,665	318,775	314,603	312,306	284,210
Interest Income	1,081,335	617,249	321,315	103,360	34,690
Other	389,126	357,577	270,076	466,156	1,841,656
Total Revenues	<u>45,277,974</u>	<u>49,172,947</u>	<u>44,497,536</u>	<u>41,960,681</u>	<u>41,436,058</u>
<u>Expenses</u>					
Administration	5,024,964	5,316,954	5,376,237	4,767,844	4,798,161
Maintenance and Operations	26,862,646	26,909,324	23,971,642	27,237,787	23,970,943
Total Expenses	<u>31,887,610</u>	<u>32,226,278</u>	<u>29,347,879</u>	<u>32,005,631</u>	<u>28,769,104</u>
Net Available for Debt Service	<u>\$ 13,390,364</u>	<u>\$ 16,946,669</u>	<u>\$ 15,149,657</u>	<u>\$ 9,955,050</u>	<u>\$ 12,666,954</u>
Water Customers	24,977	24,443	23,845	23,326	22,917
Sewer Customers	21,883	21,375	20,845	20,385	20,012

TABLE 2 – COVERAGE AND FUND BALANCE

As of September 30, 2019 the Town of Flower Mound has no outstanding Waterworks and Sewer System Revenue debt.

TABLE 3 – HISTORICAL WATER CONSUMPTION (GALLONS)

Fiscal Year Ending 9/30	Total Usage ⁽¹⁾	Average Daily Usage ⁽¹⁾	Peak Day Usage ⁽¹⁾	Actual Peak Day	Total Water & Sewer Revenues Received
2015	4,110,405,727	11,261,386	31,572,000	8/12/2015	\$ 35,810,128
2016	4,321,373,947	11,839,381	27,929,000	8/10/2016	37,615,337
2017	4,441,600,418	12,168,768	24,265,000	7/21/2017	40,075,265
2018	4,937,702,238	13,527,951	31,595,000	8/6/2018	43,739,929
2019	3,766,163,465	10,318,256	27,987,000	8/25/2019	40,110,410

(1) Gallons of treated water sold.

TABLE 4 – TEN LARGEST CUSTOMERS

Customer	Type of Industry	Water Usage	% of Total Water Usage	Water Revenue
Town of Flower Mound	Municipality	66,474,720	1.77%	\$ 383,023
Lewisville Independent School District	School District	57,988,150	1.54%	550,997
The Park at Flower Mound	Apartments	21,598,760	0.57%	165,335
HOA Wellington of FM	Home Owners Associations	19,198,260	0.51%	169,448
Texas Health Presbyterian Hospital	Hospital	17,013,250	0.45%	126,828
Azure Lakeside	Apartments	16,497,830	0.44%	123,089
Greystar Development & Construction	Apartments	16,224,830	0.43%	120,667
CWS Apartment Homes	Apartments	14,678,600	0.39%	122,326
HOA Bridlewood	Home Owners Associations	14,096,090	0.37%	114,874
Robertson's Creek Dunhill LLC	Retail	12,756,400	0.34%	102,103
Total		256,526,890	6.81%	\$ 1,978,690

TABLE 5 - MONTHLY WATER RATES (EFFECTIVE OCTOBER 1, 2019)

Meter Size	Minimum Bill (Includes 2,000 Gallons)
3/4" or 5/8"	\$35.86
1"	59.02
1 1/2"	97.58
2"	143.89
3"	267.34
4"	406.21
6"	768.92

For customers located outside the Town limits, the minimum charge is double the minimum rate for premises located within the Town limits.

Volume Rates	
2,000-10,000 gallons	\$4.06 per thousand gallons
10,001-15,000 gallons	5.49 per thousand gallons
15,001-50,000 gallons	6.25 per thousand gallons
50,000+ gallons	7.01 per thousand gallons
Town Meters	2.11 per thousand gallons
Fire Hydrants	7.01 per thousand gallons

WATER IMPACT FEES

Chart A		Platted Prior to 10/17/94	Platted 10/17/94 - 12/18/00	Platted 12/18/00 - 04/19/04*	Platted 4/19/04 - 2/1/10*	Platted After 2/1/10 See Chart B
Meter Size	Res./Non-Res.	Res./Non-Res.	Residential	Residential		
5/8" x 3/4"	\$ 492.80	\$ 674	\$ 1,212	\$ 2,342		
1"	877.18	1,685	3,030	5,856		
1 1/2"	1,971.20	3,370	6,060	11,700		
2"	3,503.81	5,392	9,696	18,739		
3"	7,884.80	11,795	19,392	37,478		
4"	14,015.23	20,220	30,300	58,560		
6"	31,539.20	42,125	60,600	117,120		
8"	56,070.78	60,660	96,960	187,392		
10"	87,609.98	97,730	139,380	269,376		

Chart B		Platted 2/1/2010 - 9/8/15*	Platted After 9/8/15*
Meter Size	Residential	Residential	
5/8" x 3/4" PD	\$ 3,896	\$ 4,098	
3/4" PD	5,844	6,147	
1" PD	9,740	10,245	
1 1/2" PD	19,480	20,490	
2" PD	31,168	32,784	
2" Compound	31,168	32,784	
2" Turbine	38,960	40,980	
3" Compound	62,336	65,568	
3" Turbine	93,504	98,352	
4" Compound	97,400	102,450	
4" Turbine	163,632	172,116	
6" Compound	194,800	204,900	
6" Turbine	358,432	377,016	
8" Compound	311,680	327,840	
8" Turbine	623,360	655,680	
10" Turbine	974,000	1,024,500	

(1) Commercial Project – rate is reduced to 50% applicable fees.

TABLE 6 – WASTEWATER USAGE (GALLONS)

Fiscal Year Ending 9/30	Total Usage	Average Daily Usage
2015	1,867,400,483	5,116,166
2016	1,880,287,052	5,151,471
2017	2,028,248,338	5,556,845
2018	2,105,729,434	5,769,122
2019	1,963,459,930	5,379,342

TABLE 7 - MONTHLY SEWER RATES (EFFECTIVE OCTOBER 1, 2019)

Sanitary sewer service within Flower Mound is provided by one of two agencies. The eastern third of Flower Mound is provided sewer service through a Town owned and operated collection and treatment system that includes 20 lift stations, and a 8.7 million gallon a day wastewater treatment plant. The Flower Mound treatment plant utilizes an aerobic wastewater treatment process, followed by filtration, and ultra-violet disinfection to produce a superior effluent quality. Sewer services for an area located in western Flower Mound near US HWY 377 and Texas FM 1171 is provided by the Trinity River Authority (TRA), Denton Creek system. Flower Mound contractually reserved 30,000 gallons per day in the existing TRA wastewater treatment facility to serve the area. The lift stations collect and transport sewage to the treatment plant through 310 miles of sewer mains, 4,714 manholes and 21,883 sanitary sewer connections as part of the sanitary sewer system.

The Town became a member of the Denton Creek Wastewater Treatment System in February 2000, in which the Town will pay an annual amount to the Trinity River Authority of Texas (TRA) for the Town's portion of operation and debt service of the treatment plant to serve the western part of Flower Mound. The 2006 and 2008 contracts between TRA, the Town, and the Towns of Argyle and Northlake provided for the funding, design, right-of-way purchases, and construction of the Denton Creek Wastewater Transportation System (System). The pipelines and facilities described in the design of the system have been constructed and are providing service to the three towns. Sanitary sewer is conveyed from the three towns through the system to the TRA Denton Creek wastewater treatment plant located in Roanoke, Texas.

All size meters:		
First 2,000 gallons	\$	20.82 (Minimum)
Over 2,000 gallons		4.30 per 1,000 gallons

Residential: Monthly bill based on average consumption during months of December, January and February. If no average has been determined, the customer will be charged based on the rates above, not to exceed \$46.20 per month, until average water usage is determined.

Commercial: Monthly bill based on actual metered water use. No maximum.

(Remainder of Page Intentionally Left Blank)

SEWER IMPACT FEES ⁽¹⁾

Chart A Meter Size	Platted Prior to 10/17/94	Platted 10/17/94 - 12/18/00	Platted 12/19/2000 - 1/31/2010*			Platted After 02/01/2010 See Chart B
	Res./Non-Res.	Res./Non-Res.	Lakeside Business District	Denton Creek District	Long Prairie District	
			Residential	Residential	Residential	
5/8" x 3/4"	\$ 1,413	\$ 1,396	\$ 978	\$ 1,254	\$ 4,204	
1"	2,515	3,490	2,445	3,135	10,510	
1 1/2"	5,652	6,980	4,890	6,270	21,020	
2"	10,047	11,168	7,824	10,033	33,632	
3"	22,608	24,430	15,648	20,066	67,264	
4"	40,186	41,880	24,450	31,352	105,100	
6"	90,433	87,250	48,900	62,705	210,200	
8"	160,772	125,640	78,240	100,328	336,320	
10"	251,205	202,420	112,470	144,221	483,460	

Chart B Meter Size	Platted on or after 02/01/2010*				Platted After 09/08/2015 See Chart C
	Long Prairie District	Lakeside District	Denton Creek District	Prairie Vista District	
	Residential	Residential	Residential	Residential	
5/8" x 3/4" PD	\$ 4,783	\$ 1,723	\$ 511	\$ 894	
3/4" PD	7,175	2,585	767	1,341	
1" PD	11,958	4,308	1,278	2,235	
1 1/2" PD	23,915	8,615	2,555	4,470	
2" PD	38,264	13,784	4,088	7,152	
2" Compound	38,264	13,784	4,088	7,152	
2" Turbine	47,830	17,230	5,110	8,940	
3" Compound	76,528	27,568	8,176	14,304	
3" Turbine	114,792	41,352	12,264	21,456	
4" Compound	119,575	43,075	12,775	22,350	
4" Turbine	200,886	72,366	21,462	37,548	
6" Compound	239,150	86,150	25,550	44,700	
6" Turbine	440,036	158,516	47,012	82,248	
8" Compound	382,640	137,840	40,880	71,520	
8" Turbine	765,280	275,680	81,760	143,040	
10" Turbine	1,195,750	430,750	127,750	223,500	

Chart C Meter Size	Platted on or after 09/08/2015*			
	Long Prairie District	Lakeside District	Denton Creek District	Prairie Vista District
	Residential	Residential	Residential	Residential
5/8" x 3/4" PD	\$ 2,436	\$ 2,733	\$ 715	\$ 934
3/4" PD	3,654	4,100	1,073	1,401
1" PD	6,090	6,833	1,788	2,335
1 1/2" PD	12,180	13,665	3,575	4,670
2" PD	19,488	21,864	5,720	7,472
2" Compound	19,488	21,864	5,720	7,472
2" Turbine	24,360	27,330	7,150	9,340
3" Compound	38,976	43,728	11,440	14,944
3" Turbine	58,464	65,592	17,160	22,416
4" Compound	60,900	68,325	17,875	23,350
4" Turbine	102,312	114,786	30,030	39,228
6" Compound	121,800	136,650	35,750	46,700
6" Turbine	224,112	251,436	65,780	85,928
8" Compound	194,880	218,640	57,200	74,720
8" Turbine	389,760	437,280	114,400	149,440
10" Turbine	609,000	683,250	178,750	233,500

(1) Commercial Project – rate is reduced to 50% applicable fees.

STORM WATER UTILITY FEES (EFFECTIVE OCTOBER 1, 2019)

Residential

< 1 Acre	\$4.55
1-5 Acres	\$3.92
> 5 Acres	\$3.30

Residential- w/ Detention credit

< 1 Acre	\$3.77
1-5 Acres	\$3.26
> 5 Acres	\$2.74

Non-residential

< 25,000 sq ft.	\$34.25
25,000-50,000 sq. ft.	\$46.71
> 50,000 sq. ft.	\$59.16

Non-residential- w/ Detention credit

< 25,000 sq ft.	\$28.43
25,000-50,000 sq. ft.	\$38.77
> 50,000 sq. ft.	\$49.10

CITY OF FORT WORTH, TEXAS

TABLE 1 -TABLE 1 -WATER AND SEWER CONDENSED STATEMENT OF OPERATIONS (000's OMITTED) ⁽¹⁾

	Fiscal Year Ended September 30,				
<u>Revenues</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Charges for Services	\$ 452,989	\$ 466,462	\$ 424,078	\$ 415,125	\$ 389,188
Other Operating Revenue	448	1,709	1,537	2,174	17
Interest on Investments	14,071	7,645	3,649	2,170	2,020
Miscellaneous Revenue	-	-	-	2,250	3,135
Total Revenues	\$ 467,508	\$ 475,816	\$ 429,264	\$ 421,719	\$ 394,360
<u>Expenses</u> ⁽²⁾					
Personnel Services	\$ 76,690 ⁽³⁾	\$ 72,765 ⁽⁴⁾	\$ 67,799 ⁽⁵⁾	\$ 69,882 ⁽⁶⁾	\$ 68,112 ⁽⁷⁾
Supplies and Materials	25,830	25,149	24,024	23,077	21,412
Contractual Services	151,340	159,440	147,819	163,086	147,628
Total Expenses	\$ 253,860	\$ 257,354	\$ 239,642	\$ 256,045	\$ 237,152
Net Available for Debt Service	\$ 213,648	\$ 218,462	\$ 189,622	\$ 165,674	\$ 157,208
Water Accounts ⁽⁸⁾	260,369	253,735	246,988	241,124	238,274
Sewer Accounts ⁽⁸⁾	249,377	243,038	236,649	231,204	228,554

(1) (1) Sources for 2015-2019 are Comprehensive Annual Financial Reports for the corresponding fiscal year, City of Fort Worth.

(2) Expenses exclude depreciation (a non-cash expense).

(3) For 2019, Personnel Services excludes non-cash expenses. See page 168 of the City's Fiscal Year End 2018 CAFR.

(4) For 2018, Personnel Services excludes non-cash expenses. See page 165 of the City's Fiscal Year End 2018 CAFR.

(5) For 2017, Personnel Services excludes non-cash expenses. See page 169 of the City's Fiscal Year End 2017 CAFR.

(6) For 2016, Personnel Services excludes non-cash expenses. See page 178 of the City's Fiscal Year End 2016 CAFR.

(7) For 2015, Personnel Services excludes the non-cash pension expense of \$15.962 million associated with Governmental Accounting Standards Board ("GASB") 68.

(8) Actual number of accounts, not in thousands.

TABLE 2 - COVERAGE AND FUND BALANCES

Average Annual Principal and Interest Requirements, 2020 - 2049 ⁽¹⁾	\$ 39,373,956
Coverage of Average Annual Requirements by 9/30/19 Net Available for Debt Service	5.43x
Maximum Principal and Interest Requirements, 2020 ⁽¹⁾	\$ 92,776,789
Coverage of Maximum Requirements by 9/30/19 Net Available for Debt Service	2.30x
Water and Sewer System Revenue Bonds Outstanding, 2/1/20 ⁽¹⁾	\$ 872,005,000
<u>Parity Obligations</u>	
Interest and Sinking Fund, 2/1/20 ⁽²⁾	\$ 99,268,127
Reserve Fund Balance, 2/1/20	\$ 7,105,751 ⁽³⁾
<u>Subordinate Lien Bonds</u>	
Interest and Sinking Fund, 2/1/20 ⁽²⁾	\$ 4,686,811
Reserve Fund Balance, 2/1/20	\$ - ⁽⁴⁾

(1) Includes all Outstanding Parity Obligations and the Subordinate Lien Bonds.

(2) Figures furnished by City staff. Shown on a cash basis, excluding accruals.

(3) Required Reserve funded with cash. Amount shown is cash balance.

(4) Required Reserve Amount funded with AGM surety policies.

TABLE 3 - AUTHORIZED BUT UNISSUED REVENUE BONDS ⁽¹⁾

Purpose of Authorization	Date Authorized	Amount Authorized	Amount Previously Issued	Unissued Balance
Water Improvements	2/7/1978	\$ 20,000,000	\$ 16,500,000	\$ 3,500,000
Sewer Improvements	2/7/1978	24,000,000	10,000,000	14,000,000
Water Improvements	4/14/1983	25,250,000	6,000,000	19,250,000
Sewer Improvements	4/14/1983	12,300,000	8,000,000	4,300,000
Totals		<u>\$ 81,550,000</u>	<u>\$ 40,500,000</u>	<u>\$ 41,050,000</u>

(1) The City has adopted a policy whereby, consistent with the laws of the State of Texas and the City Charter, an election is no longer required for the City to issue Water and Sewer System Revenue Bonds supported by a lien on and pledge of the Pledged Revenues of the City's System. The City does not anticipate issuing any of the "Authorized but Unissued Revenue Bonds" described above.

TABLE 4 - HISTORICAL WATER CONSUMPTION DATA (INSIDE CITY LIMITS) ⁽¹⁾

Fiscal Year Ending 9/30	Accounts in Service	Total Water Pumped, M.G.	Average Pumped Daily, M.G.D.	Maximum Day's Pumpage, M.G.D.	Average GPD Per Account	Ratio Maximum Day to Average Day
2015	238,274	44,841.0	122.9	281.90	516	2.29x
2016	241,093	43,953.7	120.4	319.40	499	2.65x
2017	246,957	43,751.1	119.9	263.30	485	2.20x
2018	253,704	43,622.5	119.5	359.80	471	3.01x
2019	260,369	43,666.0	119.6	308.40	459	2.58x

(1) Source: City's Water Department.

TABLE 5 - TEN LARGEST WATER CUSTOMERS (BASED ON GALLONS CONSUMED)⁽¹⁾

Customer	Total 2019 Consumption (Gallons)	Revenue	% of Total Water Usage
Miller Brewing Company	543,462,168	\$ 1,850,951	0.98%
Alcon Laboratories	377,175,036	1,462,780	0.68%
Tarrant County	238,699,740	967,352	0.43%
Lockheed Martin Corp Aircraft	238,437,043	813,205	0.43%
Fort Worth ISD	203,189,188	1,206,673	0.37%
Texas Health Resources	189,582,769	869,892	0.34%
Texas Christian University	185,267,782	922,663	0.33%
Premium WC Inc.	154,219,274	526,438	0.28%
Zoological Assn	144,710,174	554,960	0.26%
Coca Cola Bottling	127,255,894	446,087	0.23%
	<u>2,401,999,068</u>	<u>\$ 9,621,001</u>	<u>4.33%</u>

(1) Source: City's Water Department.

TABLE 6 – ALL WATER SOLD BY CATEGORY (MILLION GALLONS, BY FISCAL YEAR)⁽¹⁾

Year Ending 9/30	Residential	Commercial	Industrial	Wholesale Customers	Yard Meters	Total Water Sales
2015	17,149.1	9,874.2	2,611.1	21,056.0	3,245.4	53,935.8
2016	17,325.5	10,257.3	3,129.2	20,146.0	3,482.0	54,340.0
2017	17,198.2	11,040.9	3,317.1	20,975.4	3,514.6	56,046.2
2018	19,653.7	11,442.7	3,248.3	22,262.7	4,273.4	60,880.8
2019	16,981.9	10,858.7	3,162.3	21,215.8	3,086.2	55,304.9

(1) Source: City's Water Department.

TABLE 7 – TREATED WATER PUMPED (MILLION GALLONS)⁽¹⁾

Fiscal Year	Inside City Limits	Outside City Limits	Total Water Pumped
2015	44,841.0	20,278.0	65,119.0
2016	43,953.7	19,208.2	63,161.9
2017	43,751.1	21,066.1	64,817.2
2018	43,622.5	27,446.9	71,069.4
2019	43,666.0	20,384.9	64,050.9

(1) Source: City's Water Department.

TABLE 8 –MONTHLY WATER RATES (EFFECTIVE JANUARY 1, 2020) ⁽¹⁾

Monthly Service Charge: Based on the size of meter serving the customer.

A monthly service charge in the following amount shall be charged based on the size of the meter serving the customers ⁽²⁾

Inside City Limits		Outside City Limits	
Meter Size	Monthly Service Charge	Meter Size	Monthly Service Charge
5/8" x 3/4"	\$ 12.10	5/8" x 3/4"	\$ 15.13
3/4" x 3/4"	12.35	3/4" x 3/4"	15.44
1"	25.55	1"	31.94
1 1/2"	48.00	1 1/2"	60.00
2"	75.00	2"	93.75
3"	198.40	3"	248.00
4"	339.80	4"	424.75
6"	721.45	6"	901.81
8"	1,260.20	8"	1,575.25
10"	1,888.75	10"	2,360.94
12"	N/A	12"	N/A

(1) Source: City's Water Department

(2) Rates for outside-the-city-limit customers have a 1.25x multiplier.

TABLE 9 –MONTHLY WATER RATES (VOLUME CHARGE ONLY) ⁽¹⁾

Monthly Service Charge: Based on the size of meter serving the customer.

A monthly service charge in the following amount shall be charged based on the size of the meter serving the customers (Effective January 1, 2020) ⁽²⁾:

Inside City Limits

Residential Customers Rate		Irrigation Rate		Gas Well Driller Rate	
Cubic Feet	Rate	Cubic Feet	Rate	Cubic Feet	Rate
First 600	\$2.19 per 100 Cu. Ft.	First 5,000	\$3.01 per 100 Cu. Ft.	All	\$5.85 per 100 Cu. Ft.
Next 1,200	3.07 per 100 Cu. Ft.	Over 10,000	3.90 per 100 Cu. Ft.		
Next 1,200	3.92 per 100 Cu. Ft.				
Over 3,000	4.73 per 100 Cu. Ft.				

Commercial Rate		Industrial Rate	
Cubic Feet	Rate	Cubic Feet	Rate
All	\$2.69 per 100 Cu. Ft.	All	\$2.61 per 100 Cu. Ft.

Outside City Limits

Residential Customers Rate		Irrigation Rate		Gas Well Driller Rate	
Cubic Feet	Rate	Cubic Feet	Rate	Cubic Feet	Rate
First 600	\$2.74 per 100 Cu. Ft.	First 10,000	\$3.76 per 100 Cu. Ft.	All	\$7.31 per 100 Cu. Ft.
Next 1,200	3.84 per 100 Cu. Ft.	Over 10,000	4.88 per 100 Cu. Ft.		
Next 1,200	4.90 per 100 Cu. Ft.				
Over 3,000	5.91 per 100 Cu. Ft.				

Commercial Rate		Industrial Rate	
Cubic Feet	Rate	Cubic Feet	Rate
All	\$3.36 per 100 Cu. Ft.	All	\$3.26 per 100 Cu. Ft.

(1) Source: City's Water Department and the City Code, as amended.

(2) Rates for outside-the-city-limit customers have a 1.25x multiplier.

Raw Water Service
(Effective October 1, 2019)

All use per month \$1.25539 per 1,000 gallons for Tarrant Regional Water District

(1) Source: City's Water Department and the City Code, as amended.

(2) Rates for outside-the-city-limit customers have a 1.25x multiplier.

TABLE 10 - RATES FOR WHOLESALE WATER CONTRACTS

Rates for Wholesale Water Service (Effective October 1, 2019)

The City has a contract for raw water supply with Tarrant Regional Water District (the "District"). The contract allows the District to proceed with operation of Richland Chambers, West Fork and Cedar Creek Reservoirs.

Prior to October 1 of each year, the District will establish its operating budget and will advise the City of the charge for raw water. This amount can vary each year, and if the revenue does not equal the expenditures, the rate can and will be adjusted to recover additional costs.

Charges to the City for water sold to customers inside the District include a raw water component, plus a street rental charge of 5% and a system loss charge of 4% which increases the raw water cost to wholesale customers inside the District to \$1.3684 per 1,000 gallons. The Volume Charge is made up of two components: (1) the total raw water cost to the wholesale customer of \$1.3684 per 1,000 gallons; and (2) the cost of treatment, pumping, etc. to deliver water to the wholesale customer's meter at \$0.8642 per 1,000 gallons. The total volume charge will be \$2.2326 per 1,000 gallons.

1. Monthly charges are based on the greater of either \$1,000 or a sum equal to the Volume Charge for the actual volume of water taken plus 1/12 of the sum of the estimated Rate of Use Charges and a \$25 per meter charge. For purposes of estimating the rate of use payments, the current rate of use charges will be derived from the prior Fiscal Year's Maximum Day Demand, Maximum Hour Demand and Average Daily Use.

Computations for the monthly charge based on the water used and for the Rate of Use Charge shall be made in accordance with the following rates:

	All Wholesale
Volume Charge, per 1,000 Gallons	\$ 2.23260
Excess Maximum Day Demand (per MGD of daily demand in excess of average day demand)	\$ 121,788
Excess Maximum Hour Demand (annual charge per MGD of hourly demand in excess of maximum day demand)	\$ 51,242
Service Charge per Meter per Month	\$ 25

2. Annual payments will be the greater of the following:
 - a. The charges calculated by applying the current Volume Charge to annual consumption, the appropriate meter reading and billing charge, and the Rate of Use Charge for the current fiscal year; or
 - b. The current fiscal year volume charge, the appropriate meter reading and billing charge, and the current Fiscal Year Rate of Use Charge applied to the average of the Maximum Day Demand above Average Daily Use and the average of the Maximum Hour Demand above Maximum Day Demand for the most recently completed three Fiscal Years, which include the current Fiscal Year; or
 - c. If no water is taken during the year, a stand-by charge applies.

TABLE 11 - STATUS OF CONTRACTS –WHOLESALE CUSTOMERS

	Contract Expiration Date			Wholesale Customer	Contract Expiration Date		
	Water	Wastewater*	Reclaimed Water		Water	Wastewater*	Reclaimed Water
Aledo	9/30/2031	(2)	(3)	Lake Worth	9/30/2031	9/30/2037	(3)
Arlington	(1)	(2)	2/23/2030**	Northlake	9/30/2031	(2)	(3)
Benbrook	9/30/2031	9/30/2037	(3)	North Richland Hills	9/30/2031	9/30/2037	(3)
Bethesda Water Supply	9/30/2031	9/30/2037	(3)	Pantego	(1)	9/30/2037	(3)
Blue Mound	(1)	9/30/2037	(3)	Richland Hills	9/30/2031	9/30/2037	(3)
Burleson	9/30/2031	9/30/2037	(3)	River Oaks	9/30/2031	9/30/2037	(3)
Crowley	9/30/2031	9/30/2037	(3)	Roanoke	9/30/2031	(2)	(3)
Dalworthington Gardens	9/30/2031	(2)	(3)	Saginaw	9/30/2031	9/30/2037	(3)
DFW Airport	9/30/2031	(2)	2/23/2030*	Sansom Park	9/30/2031	9/30/2037	(3)
Edgecliff Village	9/30/2031	9/30/2037	(3)	Southlake	9/30/2031	(2)	(3)
Eules	(1)	(2)	2/23/2030*	Trinity River Authority	(1)	9/30/2037	(3)
Everman	9/30/2031	9/30/2037	(3)	Trinity River Authority (Mosier Valley)#	2/28/2039	(2)	(3)
Forest Hill	9/30/2031	9/30/2037	(3)	Trophy Club Municipal Utility District 1	9/30/2031	(2)	(3)
Grand Prairie	9/30/2031	(2)	(3)	Watauga	(1)	9/30/2037	(3)
Haltom City	9/30/2031	9/30/2037	(3)	Westlake	9/30/2031	(2)	(3)
Haslet	9/30/2031	(2)	(3)	Westover Hills	9/30/2031	9/30/2037	(3)
Hurst	9/30/2031	9/30/2037	(3)	Westworth Village	9/30/2031	9/30/2037	(3)
Keller	9/30/2031	(2)	(3)	White Settlement	9/30/2031	9/30/2037	(3)
Kennedale/D. Strickland	9/30/2031	9/30/2037	(3)				

(1) The City of Fort Worth does not supply water to this entity.

(2) The City of Fort Worth does not treat wastewater from this entity.

(3) The City of Fort Worth does not supply reclaimed water to this entity.

Source: City's Water Department

** The contract expiration date is settled based on the effective date and term in the contract.

TABLE 12 - TEN LARGEST WASTEWATER CUSTOMERS ⁽¹⁾

Customer	Total 2019 Usage (Gallons)	Revenue	% of Total Wastewater Usage
Miller Brewing Company	342,408,429	\$ 1,186,916	0.92%
Alcon Laboratories	248,088,262	937,546	0.66%
Tarrant County	212,472,557	1,220,895	0.57%
Texas Health Resources	159,001,687	945,127	0.43%
Fort Worth ISD	154,825,004	966,224	0.41%
Lockheed Martin	141,972,352	495,859	0.38%
Bell Helicopter Textron	113,292,110	402,082	0.30%
Texas Christian University	101,192,058	611,123	0.27%
Utility Invoice Proc Ctr Navy	83,571,796	315,339	0.22%
Dannon Company Inc.	79,043,277	294,029	0.21%
	<u>1,635,867,532</u>	<u>\$ 7,375,140</u>	<u>4.37%</u>

Note: These accounts represent retail (inside City) customers only. Source: City's Water Department.

TABLE 13 -WASTEWATER SALES BY CUSTOMER CLASS FROM FISCAL YEAR 2019 BILLING RECORDS ⁽¹⁾

Customer Class	Number of Accounts	Volume Billed MG	Sales
Residential	234,090	11,287.9	\$ 79,030,204
Commercial	14,005	9,084.3	54,922,192
Commercial Monitored ⁽²⁾	903	498.6	1,891,750
Industrial	168	80.7	521,989
Industrial Monitored ⁽²⁾	182	973.8	3,130,768
Municipalities	23	13,735.5	35,256,599
Effluent	6	1,120.4	3,971,131
Total	<u>249,377</u>	<u>36,781.2</u>	<u>\$ 178,724,633</u>

(1) Source: City's Water Department.

(2) Monitored customers are broken out separately as they are also charged for their Bio-chemical Oxygen Demand and Total Suspended Solids

TABLE 14 -WASTEWATER RETAIL SERVICE RATES (EFFECTIVE JANUARY 1, 2020) ⁽¹⁾

Rates for Sewerage Service Only

The following schedule of rates per month, or fraction thereof, shall be the charges to all residential and nonresidential customers for furnishing sewerage service to such customers located within the City. The residential monthly volume charge for sewerage service shall be the charges to the residential class for furnishing sewerage service to residential sewer customers located within the City. The nonresidential monthly volume charge for sewerage service shall be the charges to the nonresidential customer class for furnishing sewerage service to nonresidential sewer customers located within the City.

Monthly Service Charge for Sewerage Service Only

Inside City Limits		Outside City Limits ⁽¹⁾	
Meter Size (inches)	Monthly Charge	Meter Size (inches)	Monthly Charge
5/8 x 3/4	\$ 6.85	5/8 x 3/4	\$ 8.56
3/4 x 3/4	7.15	3/4 x 3/4	8.94
1	12.60	1	15.75
1-1/2	22.25	1-1/2	27.81
2	33.75	2	42.19
3	86.65	3	108.32
4	147.20	4	184.00
6	310.60	6	388.25
8	541.30	8	676.63
10	810.40	10	1,013.00
12	1,013.00	12	1,266.25

Monthly Volume Charge for Sewerage Service Only

A monthly volume charge shall also be charged to residential customers in the amount of four dollars and seventeen cents (\$4.17) per one hundred (100) cubic feet of water used, and to nonresidential/non-monitored customers in the amount of four dollars and six cents (\$4.06) per one hundred (100) cubic feet of water used, or wastewater produced, as more specifically set forth hereinafter.

The monthly volume charges for residential class customers will be based on the individual customer's average monthly water use during the preceding winter quarter months of December, January, and February. The volumes used to compute these charges are based on the amount of water used by the residential class customer as measured by a meter. Where no preceding winter quarter average is available from records, the director shall estimate a volume to be used for this monthly volume charge.

The monthly charges to the nonresidential/non-monitored customers will be based on total water use as measured by appropriate meters, with the provision that if a customer can prove, to the satisfaction of the director, that a significant portion of the metered water usage does not enter the sanitary sewers, the customer will be charged for only that volume entering the sewers, as determined by a method approved by the director.

A monthly volume charge shall be charged to monitored customers in the amount of two dollars and thirty-six cents (\$2.36) per one hundred (100) cubic feet of water used. The Bio-chemical Oxygen Demand ("BOD") strength charge shall be \$0.2738 per pound of BOD, the suspended solids strength charge shall be \$0.1841 per pound of suspended solids and the dissolved solids strength charge will be \$0.0420 per pound of dissolved solids (applicable to gas well drillers). Monitoring and pretreatment charge will be equal to the actual cost incurred.

(1) Rates for outside-the-city-limit customers have a 1.25x multiplier.

TABLE 15 –WASTEWATER WHOLESALE SERVICE RATES (EFFECTIVE OCTOBER 1, 2017)

Rates for Wholesale Wastewater Contracts	
Volume (\$/1,000 gallons)	\$1.3303
BOD (\$/pound) ⁽¹⁾	\$0.3985
Total Suspended Solids (\$/pound)	\$0.2633
Customer (\$/month)	\$75.00

(1) Bio-chemical Oxygen Demand ("BOD").

TABLE 16 –WATER AND SEWER REVENUE DEBT SERVICE REQUIREMENTS

Fiscal Year Ended 9/30	Outstanding Parity Obligations	Plus: Outstanding Subordinate Lien Obligations	Total Debt Service Obligations	% of Principal Retired
2020	\$ 82,084,672	\$ 5,571,293	\$ 87,655,964	
2021	78,412,785	5,566,978	83,979,762	
2022	74,719,573	5,568,359	80,287,932	
2023	71,681,457	5,573,856	77,255,314	30.97%
2024	69,561,519	5,567,074	75,128,593	
2025	67,959,760	5,568,934	73,528,694	
2026	60,362,747	5,570,344	65,933,090	
2027	60,368,037	5,567,490	65,935,527	
2028	48,692,403	-	48,692,403	61.95%
2029	48,696,787	-	48,696,787	
2030	48,598,057	-	48,598,057	
2031	39,278,734	-	39,278,734	
2032	32,280,527	-	32,280,527	
2033	27,537,352	-	27,537,352	81.78%
2034	27,509,604	-	27,509,604	
2035	17,011,927	-	17,011,927	
2036	11,300,057	-	11,300,057	
2037	11,300,206	-	11,300,206	
2038	11,304,561	-	11,304,561	89.69%
2039	11,302,146	-	11,302,146	
2040	11,298,240	-	11,298,240	
2041	11,301,365	-	11,301,365	
2042	11,307,180	-	11,307,180	
2043	11,320,071	-	11,320,071	95.40%
2044	11,342,749	-	11,342,749	
2045	11,364,457	-	11,364,457	
2046	11,381,123	-	11,381,123	
2047	8,790,268	-	8,790,268	
2048	2,738,700	-	2,738,700	100.00%
	<u>\$ 990,807,061</u>	<u>\$ 44,554,325</u>	<u>\$ 1,032,622,687</u>	

TABLE 17 – STATEMENT OF WATER AND SEWER FUND EQUITY (000'S OMITTED) ⁽¹⁾

	Fiscal Year Ended September 30,				
	2019	2018	2017	2016	2015
Cash and Investments	\$ 97,861	\$ 110,312	\$ 93,996	\$ 81,786	\$ 68,451
Receivables, Inventories and Prepaid Expenses	63,304	56,162	53,041	57,422	68,146
Restricted Assets	668,317	531,236	428,586	346,294	290,721
Property, Plant and Equipment, Net ⁽²⁾	<u>2,723,555</u>	<u>2,646,754</u>	<u>2,559,289</u>	<u>2,463,437</u>	<u>2,439,273</u>
Total Resources	\$ 3,553,037	\$ 3,344,464	\$ 3,134,912	\$ 2,948,939	\$ 2,866,591
Less:					
Less: Revenue Bonds and Other Liabilities	\$ 1,424,425	\$ 1,343,522	\$ 1,172,446	\$ 1,116,472 ⁽³⁾	\$ 948,548
Water and Sewer Equity	\$ 2,128,612	\$ 2,000,942	\$ 1,962,466	\$ 1,832,467	\$ 1,918,043
Equity as Percentage of Assets	59.91%	59.83%	62.60%	62.14%	66.91%

(1) For more information on the System's Net Position, see the City's Comprehensive Annual Financial Report, State of Net Position – Proprietary Funds.

(2) Includes capitalized bond issue cost and prepaid insurance.

(3) Due to GASB Statement 68, FY 2015 includes pension liabilities that previously were not required to be reported.

TABLE 18 – CURRENT INVESTMENTS

As of February 1, 2020, the City's total investable funds were invested in the following categories:

Description	Percent of Total		
	Market Value	Book Value	Market Value
Federal Agency Coupon Securities	23.34%	\$ 412,618,526	\$ 418,534,946
Treasuries Coupon Securities	24.48%	429,827,551	438,894,000
Municipal Obligations	0.49%	8,758,189	8,717,126
JP Morgan High Yield Savings Account	0.03%	593,585	593,585
JP Morgan Money Market Account	22.84%	409,516,924	409,516,924
Texas Class (LGIP)	14.10%	252,894,597	252,894,597
LOGIC (LGIP)	9.89%	177,423,026	177,423,026
Wells Fargo Bank	4.83%	86,584,914	86,584,914
	<u>100.00%</u>	<u>\$ 1,778,217,312</u>	<u>\$ 1,793,159,118</u>

CITY OF HASLET, TEXAS

TABLE 1 – MONTHLY WATER RATES (EFFECTIVE OCTOBER 1, 2019)

Residential Water Inside City Limits		
Minimum Charge/First 2,000 Gallons*	\$	28.91
*Flat Rate Minimum Monthly Fee		
2,001 - 28,000 Gallons		5.18
30,001-50,000 Gallons		6.73
50,001-100,000 Gallons		8.26
Over 100,001 gallons		12.37
Residential Water Outside City Limits		
Minimum Charge/First 2,000 Gallons*	\$	43.36
*Flat Rate Minimum Monthly Fee		
2,001 - 28,000 Gallons		7.76
30,001-50,000 Gallons		10.10
50,001-100,000 Gallons		12.39
Over 100,001 gallons		18.56
Fire Hydrant (Bulk Sales)		
Minimum Charge/First 2,000 Gallons*	\$	86.40
*Flat Rate Minimum Monthly Fee		
2,001 - 28,000 Gallons		9.20
30,001-50,000 Gallons		11.50
50,001-100,000 Gallons		13.80
Over 100,001 gallons		17.25
Small Business Water		
3/4" Meter Minimum Charge/First 2,000 Gall.	\$	25.00
1" Meter Minimum Charge		50.00
1 1/2" Meter Minimum Charge		75.00
2" Meter Minimum Charge		150.00
3" Meter Minimum Charge		300.00
4" Meter Minimum Charge		600.00
5" Meter Minimum Charge		1000.00
*Flat Rate Minimum Monthly Fee		
2,001 - 28,000 Gallons		8.00
30,001-50,000 Gallons		10.00
50,001-100,000 Gallons		12.00
Over 100,001 gallons		15.00

TABLE 2 – WATER USAGE

Year Ended 30-Sep	Total Number of Pumped Gallons	Average Daily Pumped	Peak Daily Pumped	Revenues Received
2015	135,538,141	420,652	1,114,348	1,358,241
2016	156,126,772	427,744	846,000	1,211,250
2017	192,969,258	711,317	1,240,000	1,479,092
2018	204,717,347	551,413	1,058,000	1,647,706
2019	207,660,450	568,933	2,033,000	1,751,052

TABLE 3 – TEN LARGEST WATER CUSTOMERS

Customer	2019 Water Usage (Gallons)	Estimated Percent of Water Usage	Water Revenues Received
VOLKSWAGEN OF AMERICA	152,710	0.07%	\$ 4,043
AMAZON.COM.KYDC LLC	4,443,300	2.17%	83,213
SCHENKER, INC	559,400	0.27%	11,478
MICHAEL'S DISTRIBUTION	711,984	0.35%	11,713
AMAZON.COM.KYDC LLC	1,510,270	0.74%	21,040
WILLIAMSON DICKIES MFG	126,500	0.06%	3,785
NORTHWEST ISD	819,160	0.40%	13,718
GLENN THURMAN INC	2,467,651	1.21%	32,452
AMAZON.COM.KYDC LLC	2,527,530	1.23%	34,711
AT INDUSTRIAL OWNER 1 LLC	89,050	0.04%	3,279
	<u>13,407,555</u>	<u>6.55%</u>	<u>\$ 219,432</u>

TABLE 4 – MONTHLY SEWER RATES (EFFECTIVE OCTOBER 1, 2019)

Residential Sewer - City Limits		
Minimum Charge	\$	23.32
Volume Charge		3.86 Per 1,000 Gallons
Residential Sewer - Outside City Limits		
Minimum Charge	\$	34.98
Volume Charge		5.80 Per 1,000 Gallons

CITY OF KELLER, TEXAS

TABLE 1 – WATERWORKS AND SEWER SYSTEM CONDENSED STATEMENT OF OPERATIONS

	Fiscal Year Ended September 30,				
	2019	2018	2017	2016	2015
Gross Revenue ⁽¹⁾	\$ 26,551,271	\$ 27,778,566	\$ 26,649,913	\$ 21,035,439	\$ 21,586,553
Expenses ⁽²⁾					
Water Purchased	8,457,766	9,225,455	8,175,358	8,036,036	8,768,317
Other	12,361,543	11,754,360	11,884,698	11,890,081	8,069,400
Total Expenses	<u>\$ 20,819,309</u>	<u>\$ 20,979,815</u>	<u>\$ 20,060,056</u>	<u>\$ 19,926,117</u>	<u>\$ 16,837,717</u>
Net Revenue Available for Debt Service	<u>\$ 5,731,962</u>	<u>\$ 6,345,650</u>	<u>\$ 6,382,617</u>	<u>\$ 1,062,818</u>	<u>\$ 4,684,184</u>
Water Customers	15,856	15,766	15,631	15,633	15,431
Sewer Customers	13,585	13,457	13,325	13,323	13,030

(1) Operating Revenues, Investment interest, and miscellaneous income.

(2) Total Operating expenses, plus payments on contractual obligations, exclusive of depreciation.

TABLE 2 – COVERAGE AND FUND BALANCES

As of September 30, 2019, the City of Keller, Texas has no water and sewer revenue debt outstanding.

TABLE 3 – AUTHORIZED BUT UNISSUED REVENUE BONDS

As of September 30, 2019, the City of Keller, Texas has no authorized but unissued revenue bonds.

TABLE 4 – WATER USAGE ⁽¹⁾

Fiscal Year Ended 30-Sep	Total Number of Pumped Gallons	Average Daily Pumped	Peak Daily Pumped
2015	2,807,684,607	7,352,000	21,591,000
2016	2,757,023,471	7,532,851	18,299,000
2017	2,926,543,638	8,017,928	19,360,000
2018	3,063,218,382	8,392,379	20,280,000
2019	2,803,078,565	7,679,667	19,000,000

(1) Information provided by the City Staff.

TABLE 5 – TEN LARGEST WATER CUSTOMERS

Customer	Type of Industry	Fiscal 2019 Water Usage (000's)	Estimated Percent of Water Usage	Water Revenues Received
City of Keller	Municipal Government	45,160	1.68%	\$221,159
Keller Independent School District	School District	37,107	1.38%	\$301,604
Hidden Lakes Home Owner Ass'n	Residential	14,789	0.55%	\$112,376
City of Keller Town Center Lakes Well	Municipal Government	12,457	0.46%	\$20,118
Grand Estates at Keller, LP	Multi-Family Residential	9,663	0.36%	\$74,295
Olympus Stone Glen	Apartments	8,991	0.33%	\$69,281
Olympus Town Center	Apartments	8,346	0.31%	\$64,491
Keller Senior Community, LP	Multi-Family residential	7,753	0.29%	\$59,323
Conservatory Senior Housing	Residential	7,282	0.27%	\$55,115
Keller Oaks Healthcare Center	Nursing Home/Assisted Living	5,397	0.20%	\$40,164
		<u>156,943.00</u>	<u>5.82%</u>	<u>1,017,926.93</u>
	All Other Customers	2,779,474	94.18%	16,601,730
	Total Water Sold	<u>2,694,340</u>	<u>100.00%</u>	<u>\$ 17,619,657</u>

TABLE 6 – MONTHLY WATER RATES (EFFECTIVE OCTOBER 1, 2019)⁽¹⁾

	Residential		Non-Residential	
	\$	21.96 Minimum ⁽²⁾	\$	21.96 Minimum ⁽²⁾
0 to 2,000 gallons		3.11 /M gallons		3.11 /M gallons
2,001 to 10,000 gallons		4.31 /M gallons		4.31 /M gallons
10,001 to 20,000 gallons		4.72 /M gallons		5.45 /M gallons
20,001 to 25,000 gallons		5.28 /M gallons		6.26 /M gallons
25,001 to 40,000 gallons		6.71 /M gallons		6.71 /M gallons
+40,000 gallons		7.27 /M gallons		7.27 /M gallons

(1) The above rates include the current wholesale pass-through rate of \$3.11 per 1,000 gallons.

(2) Minimum varies according to meter size. Rates indicated are for 5/8 meter.

TABLE 7 – MONTHLY SEWER RATES (EFFECTIVE OCTOBER 1, 2019)

Residential:	\$ 14.58 Minimum ⁽¹⁾ plus \$ 4.40 /M Gallons (Based on December, January and February Average water consumption) Maximum to 20,000 Gallons
Non Residential:	\$ 14.19 Minimum ⁽¹⁾ plus \$ 4.40 /M Gallons (Based on monthly water consumption, no maximum.)
Outside City limits:	1.15 times the above rates.

(1) The above rates include the current wholesale pass-through rate of \$2.60 per 1,000 gallons.

TOWN OF NORTHLAKE, TEXAS

TABLE 1 – MONTHLY WATER AND SEWER RATES (EFFECTIVE AUGUST 28, 2014)

Water/Sewer Service Fees	Meter/Line	Meter	Water Fees				Sewer Fees	
	Size	Type	Base Monthly Service Charge	Water Meter Deposit	Water Meter Tap Fee ⁽¹⁾	Water Meter Placement Fee	Sewer Tap Fee ⁽¹⁾	Base Monthly Service Charge
	3/4"	Simple	\$ 19.50	\$ 150.00	\$ 1,100.00	w/. Box 350.00	-	\$ 19.50
	1"	Simple	30.00	250.00	Actual Cost	w/. Box 400.00	-	30.00
	1 1/2"	Simple	40.00	500.00	Actual Cost	w/. Box 550.00	-	40.00
	2"	Simple	60.00	750.00	Actual Cost	w./ Vault 750.00	-	60.00
	2"	Compound	60.00	750.00	Actual Cost	w./ Vault 2,050.00	-	60.00
	2"	Turbine	60.00	750.00	Actual Cost	w./ Vault 950.00	-	60.00
	3"	Compound	85.00	1,000.00	Actual Cost	w./ Vault 2,500.00	-	85.00
	3"	Turbine	85.00	1,000.00	Actual Cost	w./ Vault 1,200.00	-	85.00
4"	Compound	125.00	1,250.00	Actual Cost	w./ Vault 3,800.00	Actual Cost	125.00	
4"	Turbine	125.00	1,250.00	Actual Cost	w./ Vault 1,600.00	Actual Cost	125.00	
6"	Compound	250.00	1,500.00	Actual Cost	w./ Vault 5,300.00	Actual Cost	250.00	
6"	Turbine	250.00	1,500.00	Actual Cost	w./ Vault 3,700.00	Actual Cost	250.00	
<u>Water Rates - Residential (per meter)*</u>								
Base Monthly Service Charge			See Above	<u>Water Rates - Commercial/Industrial (per meter)*</u>				
Usage (per 1,000 gal up to 3,000)			\$ -	Base Monthly Service Charge			1.5x Above Rate	
Usage (per 1,000 gal. over 3,001 to 15,000)			2.75	Usage (per 1,000 gal up to 15,000)			\$ 4.25	
Usage (per 1,000 gal over 15,001 to 30,000)			3.60	Usage (per 1000 gal over 15,001 to 25,000)			5.15	
Usage (per 1,000 gal over 30,001)			4.95	Usage (per 1000 gal over 25,001)			6.25	
Beyond Town Limits			1.5x Above Rate	Beyond Town 1 Above Rate			1.50	
							1.5x Above Rate	
<u>Sewer Rates-Residential (per water meter except special use meters)</u>								
Base Monthly Service Charge			See Above	<u>Sewer Rates-Com./Ind. (per water meter except special use meters)</u>				
Discharge (per 1,000 gal)			\$ 5.25	Base Monthly Service Charge			1.5x Above Rate	
Beyond Town Limits			1.5x Above Rate	Discharge (per 1,000 gal)			\$ 6.75	
				BOD Surcharge			0.25 /lb. BOD	
				TSS Surcharge			0.50 /lb. TSS	
				Beyond Town Limits			1.5x Above Rate	
Fire Hydrant Meter Charges			\$ 3,000.00	for deposit + \$100.00 per mo rental + in-town commercial usage rate				
Water Reconnect for Non-Payment			\$ 125.00					
Water Meter Re-read			One read annually at no cost, then \$25.00 for each reread thereafter. Fee waived if mistake determined.					
Late Payment Fee			10% Overdue Balance per 15 days \$10.00 min)					

(1) Charged only if not provided by property owner.

* Section A4.002 High Water usage during water management stages:

- (a) Stage 2: 10% rate increase for commercial irrigation and residential water meters with readings greater than 45,000 gallons per month, per account
- (b) Stage 3: 20% rate increase for commercial irrigation and residential water meters with readings greater than 45,000 gallons per month, per account
- (c) Stage 4: 20% rate increase for commercial irrigation and residential water meters with readings greater than 45,000 gallons per month, per account

(1999 Code, app. A. sec. 4.200)

(REMAINDER OF PAGE LEFT BLANK INTENTIONALLY)

North Service Area						South Service Area			
Meter Size	Meter Type	Equivalence Factor	Sewer Impact Fee	(1) Water Impact Fee	Total Cost Impact Fee	Sewer Impact Fee	(1) Water Impact Fee	(2) Ft Worth Impact Fee	Total Cost Impact Fee
5/8"		0.67	\$ 1,057.00	\$ 2,259.00	\$ 3,316.00	\$ 1,057.00	\$ 1,984.00	\$ 1,365.00	\$ 4,406.00
3/4"	Simple	1.00	1,578.00	3,371.00	4,949.00	1,578.00	2,961.00	2,047.00	6,586.00
1"	Simple	1.67	2,635.00	5,630.00	8,265.00	2,635.00	4,945.00	3,412.00	10,992.00
1½"	Simple	3.33	5,255.00	11,225.00	16,480.00	5,255.00	9,860.00	6,824.00	21,939.00
2"	Simple	5.33	8,411.00	17,967.00	26,378.00	8,411.00	15,782.00	10,918.00	35,111.00
3"	Compound	10.00	15,780.00	33,710.00	49,490.00	15,780.00	29,610.00	29,685.00	75,075.00
4"	Turbine	20.00	31,560.00	67,420.00	98,980.00	31,560.00	59,220.00	51,180.00	141,960.00
6"	Compound	45.00	71,010.00	151,695.00	222,705.00	71,010.00	133,245.00	109,185.00	313,440.00
3"	Turbine	60.00	94,680.00	202,260.00	296,940.00	94,680.00	177,660.00	191,073.00	463,413.00
10"	Compound	80.00	126,240.00	269,680.00	395,920.00	126,240.00	236,880.00	286,610.00	649,730.00

- (1) Although a meter is not required for a service that only supplies a fire line, Northlake's Impact fee will be charged according to equivalent meter size necessary for sprinkler design flows.
- (2) Subject to change as determined by the City of Fort Worth (above rates effective 4/1/18).

TABLE 2 – STATEMENT OF REVENUES AND EXPENSES

	Fiscal Year End September 30,				
	2019	2018	2017	2016	2015
<u>Operating Revenues</u>					
Water and Sewer Sales	\$ 3,961,274	\$ 3,783,858	\$ 3,296,635	\$ 2,584,170	\$ 2,016,122
Impact Fees	-	747,134	-	-	-
<u>Operating Expenses</u>					
Operating Expenses	4,328,723	3,180,445	2,444,601	1,511,773	1,260,979
Depreciation	112,486	113,726	124,369	102,027	88,091
Total Operating Expenses	\$ 4,441,209	\$ 3,294,171	\$ 2,568,970	\$ 1,613,800	\$ 1,349,070
Operating Income	\$ (479,935)	\$ 1,236,821	\$ 727,665	\$ 970,370	\$ 667,052
Non-Operating Revenues (Expenses):					
Interest Income	298	17,503	(7,339)	(28,061)	(32,446)
Developer Contribution	-	1,300,406	-	-	1,337,206
Miscellaneous	2,309	18,728	20,324	60,734	29,718
Total Non-Operating Revenues (Expenses)	2,607	1,336,637	12,985	32,673	1,334,478
Income (Loss) Before Transfers	\$ (477,328)	\$ 2,573,458	\$ 740,650	\$ 1,003,043	\$ 2,001,530
Income Before Contributions and Operating Transfers	-	-	-	-	-
Operating Transfers Out	(230,000)	(200,000)	(172,262)	(146,629)	(125,000)
Net Income	\$ (707,328)	\$ 2,373,458	\$ 568,388	\$ 856,414	\$ 1,876,530

CITY OF ROANOKE, TEXAS

TABLE 1 – MONTHLY WATER RATES (EFFECTIVE OCTOBER 1, 2017) ⁽¹⁾

Meter Size	Base (includes 5TGALS)	
	Water	Wastewater
5/8" to 3/4"	\$ 22.00	\$ 20.50
1" Residential	31.43	31.00
1" Commercial	55.00	51.00
1 1/2"	110.00	102.50
2"	176.00	164.00
3"	330.00	307.25
4"	550.00	512.00
6"	1,100.00	1,023.75
8"	1,760.00	1,638.00
10"	2,530.00	2,357.50
Water Volume Rate per 1,000 gallons		
All Customer Classes		
Gallons Used	Residential	Commercial
2,001-5,000	\$ 2.45	\$ 2.45
5,001-10,000	4.69	4.69
10,001-15,000	5.98	5.98
15,001-25,000	7.18	7.18
over 25,000	8.37	8.37
Residential and Multi-Family Wastewater Rate		
2,001-10,000	\$ 6.93	\$ 6.93

(1) Residents Roanoke residents age 65 or older will receive a \$2.00 discount on both water and wastewater minimum charges for all meter sizes listed above.

TABLE 2 – WATER USAGE

FYE 9/30	Water Usage	Average Daily Pumped	Peak Daily Pumped
2015	433,835,303	1,188,590	5,842,000
2016	522,408,745	1,431,257	5,995,000
2017	555,368,397	1,521,557	5,478,000
2018	626,025,424	1,715,138	4,958,000
2019	592,873,639	1,624,311	3,761,000

TABLE 3 – TEN LARGEST WATER CUSTOMERS

Customer	Fiscal 2019 Water Usage	Consumption	Water Revenues Received
	(Gallons)		
Mid-America Apts	39,790,100	3,315,842	\$ 384,388
Citibank	29,653,800	2,471,150	155,792
Safeway	22,447,900	1,870,658	153,338
Fairway HOA	11,117,700	926,475	92,985
AT Industrial Owners LLC	10,598,400	883,200	100,109
Behr Processing	10,014,700	834,558	134,499
Amerisource -Bergen	9,723,500	810,292	83,728
Martin Brower Co	9,723,400	810,283	69,052
Hawaii Falls	6,821,400	568,450	65,518
Northwest isd	6,520,500	543,375	71,477
	<u>156,411,400</u>	<u>13,034,283</u>	<u>\$ 1,310,887</u>

TABLE 4 – MONTHLY SEWER RATES (EFFECTIVE OCTOBER 1, 2017)⁽¹⁾

Meter Size	Base (includes 5TGALS)	
	Water	Wastewater
5/8" to 3/4"	\$ 22.00	\$ 20.50
1" Residential	31.43	31.00
1" Commercial	55.00	51.00
1 1/2"	110.00	102.50
2"	176.00	164.00
3"	330.00	307.25
4"	550.00	512.00
6"	1,100.00	1,023.75
8"	1,760.00	1,638.00
10"	2,530.00	2,357.50

(1) Residents age 65 or older receive a \$2.00 discount on both water and wastewater minimum charges for all meter sizes listed above.

Wastewater Volume Rate per 1,000 gallons		
All Customer Classes		
Gallons Used	Residential ⁽¹⁾	Commercial
2,001 - 10,000	\$ 6.93	\$ 6.93
over 10,001	-	6.93

(1) Residential wastewater capped at 10,000 gallons.

CITY OF SOUTHLAKE, TEXAS

TABLE 1 - WATERWORKS AND SEWER SYSTEM CONDENSED STATEMENT OF OPERATIONS

	Fiscal Year Ended September 30,				
<u>Revenues</u>	2019	2018	2017	2016	2015
Water and Sewer	\$ 30,399,969	\$ 32,193,537	\$ 27,810,073	\$ 25,362,725	\$ 24,672,198
Service Fees	122,226	35,824	129,431	112,052	143,519
Interest Income	868,227	320,473	167,068	94,837	113,252
Other Revenues	-	4,166	3,968	4,095	4,520
Total Revenues	<u>\$ 31,390,422</u>	<u>\$ 32,554,000</u>	<u>\$ 28,110,540</u>	<u>\$ 25,573,709</u>	<u>\$ 24,933,489</u>
<u>Expenses</u>					
Water Purchased	\$ 9,949,100	\$ 12,731,166	\$ 9,254,571	\$ 8,680,377	\$ 9,791,098
Other Expenses	14,479,239	10,331,217	9,643,383	9,511,633	7,510,295
Total Expenses	<u>\$ 24,428,339</u>	<u>\$ 23,062,383</u>	<u>\$ 18,897,954</u>	<u>\$ 18,192,010</u>	<u>\$ 17,301,393</u>
Net Available for Debt Service	<u>\$ 6,962,083</u>	<u>\$ 9,491,617</u>	<u>\$ 9,212,586</u>	<u>\$ 7,381,699</u>	<u>\$ 7,632,096</u>
Water Customers	11,133	11,092	10,941	10,426	10,189
Sewer Customers	9,008	8,908	8,889	8,367	8,166

TABLE 2 - COVERAGE AND FUND BALANCES

As of September 30, 2019 the City no longer has Water and Sewer revenue bonds outstanding.

TABLE 3 – AUTHORIZED BUT UNISSUED REVENUE BONDS

As of September 30, 2019, the City has no authorized but unissued revenue bonds.

TABLE 4 – HISTORICAL WATER CONSUMPTION DATA

Fiscal Year Ended 9/30	Total Number of Pumped Gallons (in Billions)	Average Daily Pumped	Peak Daily Pumped	Revenues Received
2015	3,069,971	8,410,880	24,377,000	16,199,172
2016	2,904,048	7,934,557	21,659,000	17,469,971
2017	3,206,363	8,784,555	16,263,000	18,596,958
2018	3,187,781	8,733,648	21,032,000	22,589,224
2019	2,762,227	7,567,744	19,551,000	18,482,858

TABLE 5 - TEN LARGEST WATER CUSTOMERS

Customer	Fiscal 2019 Water Usage		Revenue	% of Revenue
	Gallons	% of Usage		
City of Southlake Parks/Facilities	39,811,789	1.68%	\$ 349,402	1.89%
Carroll ISD	23,486,313	0.99%	236,802	1.28%
Verizon Wireless	19,203,308	0.81%	144,425	0.78%
RPAI Southwest Management, LLC	19,128,683	0.81%	185,362	1.00%
TD Ameritrade	16,427,459	0.69%	121,983	0.66%
Heartland Hotel Corp DBA Hilton	10,646,796	0.45%	73,657	0.40%
Sabre Inc	10,623,735	0.45%	84,228	0.46%
Excel Southlake, LP	9,572,139	0.40%	79,832	0.43%
Gateway Church	8,755,790	0.37%	69,799	0.38%
Metsl, LLC	8,579,005	0.36%	67,567	0.37%

TABLE 6 –MONTHLY WATER RATES (EFFECTIVE OCTOBER 1, 2019)

		Residential	
		Inside City (1" METER)	Outside City (1" METER)
First 2,000	gallons	\$41.51 (Minimum)	\$41.51 (Minimum)
2,001-10,000	gallons	4.64 per 1,000 gallons	4.64 per 1,000 gallons
10,001-25,000	gallons	5.33 per 1,000 gallons	5.33 per 1,000 gallons
25,001-40,000	gallons	6.13 per 1,000 gallons	6.13 per 1,000 gallons
Over 40,001	gallons	7.05 per 1,000 gallons	7.05 per 1,000 gallons

Elderly/Hardship Waiver Rates:

First 2,000	gallons	\$19.15(Minimum)
2001 +	gallons	4.13 per 1,000 gallons

Gallons	Commercial					
	Meter Size					
	1.0"	2.0"	3.0"	4.0"	6.0"	8.0"
First 3,000	\$64.07					
First 5,000						
First 7,000		\$144.84				
First 10,000			\$206.85			
First 12,000				\$247.22		
First 15,000					\$309.21	
First 18,000						\$371.22

3,001 - 10,000	gallons	\$ 4.64	per 1,000 gallons
10,001 - 25,000	gallons	5.33	per 1,000 gallons
25,001 - 40,000	gallons	6.13	per 1,000 gallons
Over - 40,001	gallons	7.05	per 1,000 gallons

TABLE 6 -MONTHLY SEWER RATES (EFFECTIVE OCTOBER 1, 2019)

Residential		
First 2,000 gallons	\$	38.18
2,001-10,000 gallons	4.39	per 1,000 gallons
Maximum Residential Charge	73.30	
Commercial		
First 2,000 gallons	\$	38.18 per 1,000 gallons
2,001+ gallons	4.39	

TOWN OF WESTLAKE, TEXAS

THE TOWN

The Town of Westlake was incorporated December 26, 1956 and is located in Tarrant and Denton counties along the border of the counties in the rapidly growing northern triangle of the Dallas-Fort Worth Metroplex. Westlake combines a rural Texas atmosphere with the conveniences of the metroplex.

Westlake is home to Fidelity Investments, Charles Schwab, and Deloitte University. The Solana Business Park provides a mix of office, retail, restaurant, and hotel space including several businesses such as Goosehead Insurance, Core-Mark, Wells Fargo, Verizon, and Sabre. All these companies combined create a total daytime population of over 14,000 for the Town of Westlake which continues to become a headquarter hot spot. Solana constitutes 12% of Westlake's tax base.

WATER AND SEWER SYSTEM

The Water and Sewer Fund was established during fiscal year 2000 as an Enterprise Fund to account for water and sewer operations.

The Town has a contract with the City of Fort Worth, Texas to purchase water. Under the contract, the Town may obtain a supply of portable water at a reasonable rate based on water usage. The rate charges are subject to minimum annual contract payments. Water expense for the year ended September 30, 2019 was \$1,321,637

The Town has an agreement with Trinity River Authority whereby the Trinity River Authority has agreed to provide a wastewater treatment system for the benefit of the Town. The Town's annual expense for the year ended September 30, 2019 was \$502,860.

CIRCLE T. MUNICIPAL UTILITY DISTRICT NO. 1

AUTHORITY

The District is a conservation and reclamation district created by H.B. 2581, Acts of the 70th Legislature of Texas, Regular Session, 1987. The District is governed by the provisions of H.B. 2581 and has all of the rights, powers, privileges, authority and functions conferred by Article III, Section 52 and Article XVI, Section 59 of the Texas Constitution, and functions conferred by the general laws of the State of Texas applicable to municipal utility district's operating under Chapters 49 and 54 of the Texas Water Code, as amended. Additionally, the District has the power to issue bonds, notes or other obligations of the District for any authorized purpose or combination of purposes under Chapters 49 and 54 of the Texas Water Code, and may levy and collect taxes to pay the bonds.

The principal functions of the district are to finance, purchase, construct and maintain water, sewer and drainage facilities to serve the District. The Texas Commission on Environmental Quality (the "Commission") exercises continuing supervisory jurisdiction over the District.

DESCRIPTION AND LOCATION

The District contains approximately 522.400 acres of land and is located wholly within the Town of Westlake. The District lies partially within Tarrant County and within Denton County.

OWNERSHIP

The land of which the District is composed is currently owned by AIL Investment, L.P., an affiliated entity of Hillwood Development Corporation ("Hillwood").

MANAGEMENT

The Board of Directors is vested with the responsibility and authority for the management of all matters pertaining to the District. The District has no full-time employees. The Directors and their terms of office are as follows:

<u>Name</u>	<u>Term Expires</u>	<u>Office</u>
A. Burch Waldron	May, 2020	President
Dean Tetirick	May, 2022	Vice President
Candace Pearson	May, 2020	Secretary
Vacant	May, 2022	Assistant Secretary
Kimberly Cole	May, 2020	Assistant Secretary

The District has entered into a Development Reimbursement Agreement with AIL Investment, L.P., an affiliate and entity of Hillwood ("Developer") wherein the Developer has agreed, among other things, that it may pay or advance the funds necessary to pay for such projects and facilities which the District deems necessary and proper in carrying out its statutory functions until such time as the District is able to sell its own bonds at reasonable rates and terms. The improvements to be made by the Authority for the District will benefit the owners referenced above. While no assurance can be given that the Contract between the Authority and the District falls within the interest of the Development Reimbursement Agreement, it is possible that the Developer could meet the contractual obligations the District has to the Authority under the Contract.

(REMAINDER OF PAGE LEFT BLANK INTENTIONALLY)

CIRCLE T. MUNICIPAL UTILITY DISTRICT NO. 3

AUTHORITY

The District is a conservation and reclamation district created by H.B. 2581, Acts of the 70th Legislature of Texas, Regular Session, 1987. The District is governed by the provisions of H.B. 2581 and has all of the rights, powers, privileges, authority and functions conferred by Article III, Section 52 and Article XVI, Section 59 of the Texas Constitution, and functions conferred by the general laws of the State of Texas applicable to municipal utility district's operating under Chapters 49 and 54 of the Texas Water Code, as amended. Additionally, the District has the power to issue bonds, notes or other obligations of the District for any authorized purpose or combination of purposes under Chapters 49 and 54 of the Texas Water Code, and may levy and collect taxes to pay the bonds.

The principal functions of the district are to finance, purchase, construct and maintain water, sewer and drainage facilities to serve the District. The Texas Commission on Environmental Quality (the "Commission") exercises continuing supervisory jurisdiction over the District.

DESCRIPTION AND LOCATION

The District contains approximately 982.527 acres of land and is located wholly within the Town of Westlake. The District lies partially within Tarrant County and within Denton County.

OWNERSHIP

The land of which the District is composed is currently owned by AIL Investment, L.P., an affiliated entity of Hillwood Development Corporation ("Hillwood").

MANAGEMENT

The Board of Directors is vested with the responsibility and authority for the management of all matters pertaining to the District. The District has no full-time employees. The Directors and their terms of office are as follows:

<u>Name</u>	<u>Term Expires</u>	<u>Office</u>
Jay Lyda	May, 2022	President
Omas LeWayne	May, 2020	Vice President
George Young	May, 2022	Secretary
Tom Purvis	May, 2022	Assistant Secretary
Allan Thompson	May, 2020	Assistant Secretary

The District has entered into a Development Reimbursement Agreement with AIL Investment, L.P., an entity affiliated with Hillwood ("Developer") wherein the Developer has agreed, among other things, that it may pay or advance the funds necessary to pay for such projects and facilities which the District deems necessary and proper in carrying out its statutory functions until such time as the District is able to sell its own bonds at reasonable rates and terms. The improvements to be made by the Authority for the District will benefit the owners referenced above. While no assurance can be given that the Contract between the Authority and the District falls within the interest of the Development Reimbursement Agreement, it is possible that the Developer could meet the contractual obligations the District has to the Authority under the Contract.

(REMAINDER OF PAGE LEFT BLANK INTENTIONALLY)

APPENDIX C

Certain Financial and Operating Data of Denton Creek
Regional Wastewater Treatment System Enterprise Fund

TRINITY RIVER AUTHORITY OF TEXAS

NONMAJOR ENTERPRISE FUNDS COMBINING STATEMENT OF NET POSITION NOVEMBER 30, 2019

Assets

Current Assets:

Unrestricted Assets:

Cash	\$ 5	-	-	-
Equity in Pooled Cash and Investments	183,960	1,052,358	1,297,952	727,644
Accounts Receivable, Net of Allowance	-	1,439	-	-
Accounts Receivable - Contracting Parties	1,876,222	153,411	-	-
Contract Receivable - Current	-	-	-	-
Interest Receivable	-	-	-	-
System Contribution Receivable - Current	-	-	349,847	-
Prepays and Other Assets	48,462	28,453	15,329	2,232
Total Unrestricted Assets	2,108,649	1,235,661	1,663,128	729,876

Restricted Assets:

Equity in Pooled Cash and Investments	51,126,259	58,925,560	7,437,006	4,652,271
Money Market Fund	10,784,261	223,552	-	-
Accounts Receivable - Contracting Parties	-	-	-	-
Accrued Investment Income	13,439	279	-	-
Total Restricted Assets	61,923,959	59,149,391	7,437,006	4,652,271

Total Current Assets

64,032,608	60,385,052	9,100,134	5,382,147
------------	------------	-----------	-----------

Noncurrent Assets:

Capital Assets:

Land and Easements	3,780,085	5,115,571	704,779	349,469
Water Storage Rights	-	-	-	-
Sewage System and Extensions	122,279,397	57,995,510	20,531,847	-
Buildings	-	-	-	-
Recreational Facilities	-	-	-	-
Water Transportation and Treatment Facilities	-	-	-	48,787,959
Machinery and Equipment	404,414	269,709	299,863	840,037
Construction-in-Progress	30,817,268	18,308,803	4,496,422	-
Accumulated Depreciation	(34,391,633)	(20,370,819)	(6,308,603)	(23,087,370)
Total Capital Assets, Net	122,889,531	61,318,774	19,724,308	26,890,095

Other Noncurrent Assets:

Direct Financing Arrangement Receivable	-	-	-	-
Contract Receivable - Long Term	-	-	-	-
System Contribution Receivable, Less Current	-	-	1,964,843	-
Total Other Noncurrent Assets	-	-	1,964,843	-

Total Noncurrent Assets

122,889,531	61,318,774	21,689,151	26,890,095
-------------	------------	------------	------------

Total Assets

\$ 186,922,139	121,703,826	30,789,285	32,272,242
----------------	-------------	------------	------------

Deferred Outflows of Resources

Deferred Amount on Refunding	\$ 203,484	515,621	-	22,375
------------------------------	------------	---------	---	--------

Total Deferred Outflows of Resources

\$ 203,484	515,621	-	22,375
------------	---------	---	--------

	DENTON CREEK REGIONAL WASTEWATER	RED OAK CREEK REGIONAL WASTEWATER	MOUNTAIN CREEK REGIONAL WASTEWATER	HUNTSVILLE REGIONAL WATER SUPPLY
Liabilities				
Current Liabilities:				
Payable from Unrestricted Assets:				
Accounts Payable and Accrued Expenses	\$ 110,267	63,752	69,034	93,931
Accounts Payable - Contracting Parties	1,567,039	839,613	761,006	232,788
Compensated Absences	1,582	7,291	787	2,615
Accrued Interest Payable	-	-	-	-
System Contribution Payable - Current	-	-	349,847	-
Unearned Revenue	659	-	-	2
Contracts Payable - Current Maturities	-	-	-	-
Total Payable from Unrestricted Assets	1,679,547	910,656	1,180,674	329,336
Payable from Restricted Assets:				
Accounts and Retainage Payable	2,604,871	2,936,497	687,554	-
Accrued Interest Payable	1,759,655	1,298,088	210,391	63,322
Revenue Bonds - Current Maturities	6,575,000	4,045,000	1,055,000	3,165,000
Total Payable from Restricted Assets	10,939,526	8,279,585	1,952,945	3,228,322
Total Current Liabilities	12,619,073	9,190,241	3,133,619	3,557,658
Long-Term Liabilities:				
Compensated Absences, Less Current	17,579	119,236	8,743	36,641
System Contribution Payable, Less Current	-	-	1,964,843	-
Unearned Revenue	-	-	-	-
Contracts Payable, Less Current Maturities	-	-	-	-
Revenue Bonds Payable, Less Current Maturities	141,796,755	96,722,732	18,282,077	1,998,702
Total Long-Term Liabilities, Net	141,814,334	96,841,968	20,255,663	2,035,343
Total Liabilities	\$ 154,433,407	106,032,209	23,389,282	5,593,001
Deferred Inflows of Resources				
Deferred Gain on Refunding	\$ 34,420	12,875	-	-
Premium for Deferred Charges	-	-	-	-
Total Deferred Inflows of Resources	\$ 34,420	12,875	-	-
Net Position				
Net Investment in Capital Assets	\$ 17,627,529	6,092,052	5,181,728	22,126,431
Restricted for:				
Debt Service	14,518,744	9,851,542	1,731,959	4,211,286
Construction	-	-	-	-
Other Purpose	100,000	25,000	12,605	-
Unrestricted	411,523	205,769	473,711	363,899
Total Net Position	\$ 32,657,796	16,174,363	7,400,003	26,701,616

TRINITY RIVER AUTHORITY OF TEXAS

NONMAJOR ENTERPRISE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2019

	DENTON CREEK REGIONAL WASTEWATER	RED OAK CREEK REGIONAL WASTEWATER	MOUNTAIN CREEK REGIONAL WASTEWATER	HUNTSVILLE REGIONAL WATER SUPPLY
Operating Revenues:				
Wastewater Contract Revenue	\$ 15,501,005	9,253,009	3,254,951	-
Water Supply Contract Revenue	-	-	-	7,387,365
Water Storage Contract Revenue	-	-	-	-
Raw Water Contract Revenue	-	-	-	-
Direct Financing Arrangement Revenue	-	-	-	-
Recreational Facilities Fees	-	-	-	-
Total Operating Revenues	15,501,005	9,253,009	3,254,951	7,387,365
Operating Expenses:				
Salaries and Benefits	1,047,681	789,645	623,332	633,426
Supplies	472,600	105,449	81,440	983,193
Other Services and Charges	3,599,793	1,426,744	1,068,701	2,576,529
Depreciation	2,977,980	1,407,777	595,870	1,134,895
Total Operating Expenses	8,098,054	3,729,615	2,369,343	5,328,043
Operating Income (Loss)	7,402,951	5,523,394	885,608	2,059,322
Non-Operating Revenues (Expenses):				
Interest Expense	(3,852,132)	(2,606,761)	(582,600)	(192,152)
Debt Issuance Costs	(403,397)	(338,768)	-	-
Investment Income	1,256,142	1,253,918	298,918	164,321
Debt Related Fees	(21,350)	(10,200)	(8,400)	(1,350)
Other	17,345	1,696	(5,629,112)	4,465
Total Non-Operating Revenues (Expenses) - Net	(3,003,392)	(1,700,115)	(5,921,194)	(24,716)
Income (Loss) Before Contributions	4,399,559	3,823,279	(5,035,586)	2,034,606
CONTRIBUTIONS	-	244,586	-	-
CONTRIBUTION REFUNDS	-	-	-	-
TRANSFERS IN	1,221,233	-	-	-
TRANSFERS OUT	-	-	-	-
Change in Net Position	5,620,792	4,067,865	(5,035,586)	2,034,606
Net Position - December 1, 2018	27,037,004	12,106,498	12,435,589	24,667,010
Net Position - November 30, 2019	\$ 32,657,796	16,174,363	7,400,003	26,701,616

TRINITY RIVER AUTHORITY OF TEXAS

NONMAJOR ENTERPRISE FUNDS

COMBINING STATEMENT OF CASH FLOWS

FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2019

	DENTON CREEK REGIONAL WASTEWATER	RED OAK CREEK REGIONAL WASTEWATER	MOUNTAIN CREEK REGIONAL WASTEWATER	HUNTSVILLE REGIONAL WATER SUPPLY
Cash Flows from Operating Activities:				
Cash Received from Customers	\$ 15,191,821	10,098,940	4,015,958	7,620,154
Cash Received on Direct Financing Arrangement	-	-	-	-
Cash Payments to Customers	(1,147,943)	(366,556)	(150,390)	(274,660)
Cash Payments to Suppliers for Goods and Services	(3,089,060)	(1,166,757)	(811,253)	(2,370,385)
Cash Payments for Employee Services	(1,084,060)	(793,204)	(631,381)	(627,272)
Cash Payments to Other Funds for Services	(1,070,740)	(584,746)	(373,195)	(1,234,696)
Cash from Other Sources	16,344	256	10	12,858
Net Cash Provided by (Used For) Operating Activities	8,816,362	7,187,933	2,049,749	3,125,999
Cash Flows from Capital and Related Financing Activities:				
Acquisition and Construction of Capital Assets	(5,667,306)	(8,746,911)	(3,327,322)	(42,657)
Principal Paid on Revenue Bond Maturities	(6,310,000)	(2,865,000)	(970,000)	(3,035,000)
Interest Paid on Revenue Bonds	(4,502,239)	(3,130,278)	(678,284)	(315,815)
Principal Paid on Contracts Payable	-	-	-	-
Interest Paid on Contracts Payable	-	-	-	-
Debt Related Fees	(12,000)	(4,250)	(5,000)	(500)
Net Proceeds from Issuance of Bonds	28,280,321	21,988,074	-	-
Debt Issuance Costs Refunded	3,321	5,702	-	-
Proceeds from the Sale of Capital Assets	1,001	-	-	-
Contributions Refunded	-	-	-	-
Contributions Received	-	-	-	-
Net Cash Provided by (Used for) Capital and Related Financing Activities	11,793,098	7,247,337	(4,980,606)	(3,393,972)
Cash Flows from Investing Activities:				
Proceeds from the Sales and Maturities of Investments	8,404,644	-	-	-
Cash Received for Investment Income	1,287,447	1,254,009	298,918	164,321
Net Cash Provided by (Used For) Investing Activities	9,692,091	1,254,009	298,918	164,321
Total Change in Cash and Cash Equivalents	30,301,551	15,689,279	(2,631,939)	(103,652)
Cash and Cash Equivalents, Beginning of Year	31,792,934	44,512,191	11,366,897	5,483,567
Cash and Cash Equivalents, End of Year	\$ 62,094,485	60,201,470	8,734,958	5,379,915

(continued-2)

	DENTON CREEK REGIONAL WASTEWATER	RED OAK CREEK REGIONAL WASTEWATER	MOUNTAIN CREEK REGIONAL WASTEWATER	HUNTSVILLE REGIONAL WATER SUPPLY
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Operating Income (Loss)	\$ 7,402,951	5,523,394	885,608	2,059,322
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Depreciation	2,977,980	1,407,777	595,870	1,134,895
Miscellaneous Income	16,344	256	10	12,858
Change in Assets and Liabilities:				
Accounts Receivable	-	-	-	-
Accounts Receivable - Contracting Parties	(1,876,222)	6,319	-	-
Contracts Receivable	-	-	-	-
Interest Receivable	-	-	-	-
Due from Other Authority Funds	-	-	-	-
Prepays and Other Assets	(381)	(194)	(15)	(2,232)
Direct Financing Arrangement Receivable	-	-	-	-
Accounts Payable and Accrued Expenses	(123,406)	(222,677)	(42,340)	(36,972)
Accounts Payable - Contracting Parties	419,096	473,058	610,616	(41,872)
Unearned Revenue	-	-	-	-
Premium for Deferred Charges	-	-	-	-
Total Adjustments	1,413,411	1,664,539	1,164,141	1,066,677
Net Cash Provided by (Used For) Operating Activities	\$ 8,816,362	7,187,933	2,049,749	3,125,999
Supplemental Noncash Disclosures:				
Gain/Loss on Disposal of Capital Assets	\$ -	-	(5,629,124)	(8,393)
Amortization of Bond Premium/Discount	(1,007,608)	(840,888)	(69,070)	(115,277)
Amortization of Gain/Loss on Refunding	53,540	61,049	-	33,564
Change in Fair Value of Investments	39,852	-	-	-
Change in Liabilities Related to Capital Assets	495,697	1,585,738	595,491	(42,173)
Bond Issuance Costs Retained from Bond Proceeds	(406,718)	(344,470)	-	-
Transfer of Capital Assets	1,221,233	-	-	-

APPENDIX D

Form of Bond Counsel's Opinion

Proposed Form of Opinion of Bond Counsel

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

**TRINITY RIVER AUTHORITY OF TEXAS
DENTON CREEK REGIONAL WASTEWATER TREATMENT SYSTEM REVENUE
IMPROVEMENT AND REFUNDING BONDS, SERIES 2020**

IN THE AGGREGATE PRINCIPAL AMOUNT OF \$26,755,000

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

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

BASED ON SAID EXAMINATION, IT IS OUR OPINION that said Bonds have been authorized, issued and duly delivered in accordance with law; and that except as may be limited by governmental immunity, bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar laws now or hereafter enacted relating to creditor's rights generally or by 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 Denton Creek regional wastewater treatment "System", as defined in the Bond Resolution, and includes payments and amounts derived by the Issuer from various contracts styled "Trinity River Authority of Texas - Denton Creek Regional Wastewater Treatment System Contract," between the Issuer and the Cities of Fort Worth, Haslet, Keller, Roanoke and Southlake, Texas, the Towns of Argyle, Flower Mound, Northlake and Westlake, Texas and Circle T Municipal Utility District Nos. 1 and 3 of Tarrant and Denton Counties, 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 aforesaid Pledged Revenues, subject to the restrictions stated in the Bond Resolution.

THE REGISTERED OWNERS of the Bonds shall never have the right to demand payment of the principal thereof or interest thereon out of any funds raised or to be raised 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 Bonds is excludable from the gross income of the owners thereof for federal income tax purposes under the statutes, regulations, published rulings and court decisions existing on the date of this opinion. We are further of the opinion that the Bonds are not "specified private activity bonds" and that, accordingly, interest on the Bonds will not be included as an individual or corporate alternative minimum tax preference item under Section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). In expressing the aforementioned opinions, we have relied on the certificate verifying the sufficiency of cash and securities deposited to the escrow fund to defease the refunded obligations, and assume compliance by the Issuer with certain covenants regarding the use and investment of the proceeds of the Bonds and the use of the property financed therewith. We call your attention to the fact that if such representations are determined to be inaccurate or upon failure by the Issuer to comply with such covenants, interest on the Bonds may become includable in gross income retroactively to the date of issuance of the Bonds.

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

WE CALL YOUR ATTENTION TO THE FACT that the interest on tax-exempt obligations, such as the Bonds 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 Bonds, nor as to any such insurance policies issued in the future.

OUR SOLE ENGAGEMENT in connection with the issuance of the Bonds is as Bond Counsel for the Issuer, and, in that capacity, we have been engaged by the Issuer for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Bonds for federal income tax purposes,



and for no other reason or purpose. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result. We have not been requested to investigate or verify, and have not investigated or verified, any records, data, or other material relating to the financial condition or capabilities of the Issuer or the Contracting Parties, or the adequacy of the Pledged Revenues to be derived from the Contract, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Bonds and have relied solely on certificates executed by officials of the Issuer as to the 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 Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the Issuer as the taxpayer. We observe that the Issuer has covenanted not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Bonds as includable in gross income for federal income tax purposes.

Respectfully,

PAGE INTENTIONALLY LEFT BLANK