

OFFICIAL STATEMENT

Dated April 14, 2020

Ratings:
S&P: "AAA"
(see "OTHER INFORMATION
- Ratings" herein)

NEW ISSUE – Book-Entry-Only

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

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

\$34,425,000
TRINITY RIVER AUTHORITY OF TEXAS
MOUNTAIN CREEK REGIONAL WASTEWATER SYSTEM
REVENUE IMPROVEMENT AND REFUNDING BONDS, SERIES 2020

Dated Date: April 15, 2020

Due: August 1, as shown on Page ii

Interest to accrue from Delivery Date

PAYMENT TERMS . . . Interest on the \$34,425,000 Trinity River Authority of Texas Mountain Creek Regional Wastewater 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 August 1, 2020, and on February 1 and August 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 and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds (see "THE BONDS – Book-Entry-Only System" herein). The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (see "THE BONDS – Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE . . . The Bonds are issued pursuant to the provisions of Chapter 518, Acts of the 54th Texas Legislature, Regular Session, 1955, as amended, Chapter 30, Texas Water Code, as amended, Chapters 1207 and 1371, Texas Government Code, as amended, and a bond resolution authorizing the issuance of the Bonds (the "Bond Resolution") adopted by the Board of Directors (the "Board") of the Trinity River Authority of Texas (the "Authority" or "Issuer") on 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 portions of certain outstanding revenue bonds (see "SCHEDULE I") relating to the Authority's Mountain Creek Regional Wastewater System (the "System"); (ii) to acquire and construct improvements and extensions to the System to provide wastewater disposal services to the Contracting Parties (as defined herein); (iii) to fund the debt service reserve fund; and (iv) to pay costs associated with the issuance of the Bonds.

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

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 May 5, 2020.

UMB Bank n.a.

RBC Capital Markets

MATURITY SCHEDULE

Maturity (August 1)	Principal Amount (\$)	Interest Rate (%)	Initial Yield (%)	CUSIP Suffix ⁽¹⁾
2020	80,000	5.00	0.95	EJ9
2021	545,000	5.00	0.98	DN1
2022	1,235,000	5.00	1.02	DP6
2023	1,295,000	5.00	1.06	DQ4
2024	1,360,000	2.50	1.07	DR2
2025	1,390,000	2.50	1.10	DS0
2026	1,420,000	5.00	1.13	DT8
2027	1,485,000	5.00	1.17	DU5
2028	1,560,000	5.00	1.20	DV3
2029	1,640,000	5.00	1.26	DW1
2030	1,725,000	5.00	1.35	DX9
2031	1,810,000	5.00	1.45	DY7
2032	1,900,000	4.00	1.68	DZ4
2033	1,855,000	4.00	1.83	EA8
2034	1,935,000	4.00	1.93	EB6
2035	2,010,000	4.00	2.00	EC4
2036	2,090,000	4.00	2.06	ED2
2037	2,170,000	3.00	2.42	EE0
2038	2,240,000	3.00	2.46	EF7
2039	2,305,000	3.00	2.50	EG5
2040	2,375,000	3.00	2.54	EH3

(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 or after August 1, 2031, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on August 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 page, 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 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.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this final official statement for purposes of, and as that term is defined in, SEC rule 15c2-12.

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, OR THE UNDERWRITERS MAKES ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY OR ITS BOOK-ENTRY-ONLY SYSTEM, AS SUCH INFORMATION HAS BEEN PROVIDED BY THE DEPOSITORY TRUST COMPANY.

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

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

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

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

OFFICIAL STATEMENT SUMMARY

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

- THE AUTHORITY**..... The Trinity River Authority of Texas (the “Authority” or “Issuer”) is a governmental agency of the State of Texas and a body politic and corporate, created as a conservation and reclamation district under Article XVI, Section 59 of the Texas Constitution pursuant to Chapter 518, Acts of the 54th Texas Legislature, Regular Session, 1955, as amended. The Authority is governed by a Board of Directors (the “Board”) of 25 directors who are appointed by the Governor for six-year terms.
- THE BONDS**..... The Bonds are issued as \$34,425,000 Trinity River Authority of Texas Mountain Creek Regional Wastewater System Revenue Improvement and Refunding Bonds, Series 2020. The Bonds are issued as serial bonds maturing on August 1 in each of the years 2020 through 2040, inclusive (see “THE BONDS – Description of the Bonds”).
- PAYMENT OF INTEREST** Interest on the Bonds accrues from the date they are initially delivered to the Underwriters, and is payable on August 1, 2020, and each February 1 and August 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 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 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 a pledge of the Pledged Revenues (as defined in the Resolution) of the Authority under the Contracts entered into with the Contracting Parties (as defined herein) (see “THE BONDS – Security and Source of Payment”).
- REDEMPTION** The Authority reserves the right, at its option, to redeem Bonds having stated maturities on or after August 1, 2031, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on August 1, 2030 or 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 portions of certain outstanding revenue bonds (see "SCHEDULE I") relating to the Authority's Mountain Creek Regional Wastewater System (the "System"); (ii) to acquire and construct improvements and extensions to the System to provide wastewater disposal services to the Contracting Parties; (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 "AAA" by S&P Global Ratings, a division of S&P Global Inc. (“S&P”). The Outstanding Parity Bonds of the Authority are rated “AAA” by S&P, without regard to credit enhancement (see “OTHER INFORMATION – Ratings”).

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

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

For additional information regarding the Authority, please contact:

Ms. Alison A. Mackey, C.P.A.
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
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
David B. Leonard	Chairman, Executive Committee	Liberty 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

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OFFICIAL STATEMENT

RELATING TO

\$34,425,000

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

INTRODUCTION

This Official Statement, which includes the Appendices hereto, provides certain information regarding the issuance of \$34,425,000 Trinity River Authority of Texas Mountain Creek Regional Wastewater 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. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the Authority's Financial Advisor, Hilltop Securities Inc., Dallas, Texas.

Description of the Authority

The Authority is a governmental agency of the State of Texas and a body politic and corporate, created as a conservation and reclamation district under Article XVI, Section 59 of the Constitution pursuant to Chapter 518, Acts of the 54th Legislature of Texas, Regular Session, 1955, as amended. Under the Constitution and the statutes of the State of Texas, the Authority has broad powers to effectuate flood control and the conservation and use, for all beneficial purposes, of storm and flood waters and unappropriated flow waters in the Trinity River watershed, and as necessary aid to these purposes, the Authority has specific authority to construct, own and operate water 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") related to the Authority's Mountain Creek Regional Wastewater 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 redemption date of the Refunded Bonds from funds to be deposited pursuant to a certain Escrow Agreement (the "Escrow Agreement") between the

Authority and The Bank of New York Mellon Trust Company, N.A, 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 will be sufficient to pay all amounts coming due on the Refunded Bonds to their redemption date and to accomplish the discharge and final payment of the Refunded Bonds on their redemption date. Such funds will be held by the Escrow Agent uninvested in a special escrow account (the “Escrow Fund”). 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 certifying that the uninvested funds in the Escrow Fund, will be sufficient to pay, the principal of and interest on the Refunded Bonds on the redemption date. By the deposit of the cash 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 sufficiency certificate 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 and such Refunded Bonds will not be deemed as being outstanding obligations of the Authority payable from the 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.

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	\$ 34,425,000.00
Net Reoffering Premium	5,731,851.25
Total Sources of Funds	\$ 40,156,851.25

Uses of Funds:

Deposit to Escrow Fund	\$ 1,272,828.11
Deposit to Project Fund	35,859,040.00
Deposit to Reserve Fund	2,227,025.87
Underwriters’ Discount	241,424.86
Costs of Issuance	556,532.41
Total Uses of Funds	\$ 40,156,851.25

THE BONDS

Description of the Bonds

The Bonds are dated April 15, 2020, and mature on August 1 in each of the years and in the amounts shown on page ii hereof. Interest will accrue from the date they are initially delivered to the Underwriters, will be payable on August 1, 2020, and on February 1 and August 1 of each year thereafter until maturity or prior redemption, and will be computed on the basis of a 360-day year of twelve 30-day months. The definitive Bonds will be issued only in fully registered form in any integral multiple of \$5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company (“DTC”) pursuant to the Book-Entry-Only System described herein. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of 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 being issued pursuant to the provisions of Chapter 518, Acts of the 54th Texas Legislature, Regular Session, 1955, as amended, Chapter 30, Texas Water Code, as amended, 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 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”). The Bonds are “Additional Bonds” permitted to be issued by the resolutions of the Board authorizing the issuance of the currently outstanding Mountain Creek Regional Wastewater System Revenue Bonds.

Security and Source of Payment

The Cities of Grand Prairie, Mansfield, Midlothian and Venus, Texas (collectively, the “Contracting Parties”) have contracted with the Authority to make payments sufficient to pay debt service on the currently outstanding System revenue bonds, the Bonds, and any Additional Bonds that are issued for any lawful purpose related to the System (see “SELECTED PROVISIONS OF THE RESOLUTION”). The Contracting Parties will pay their obligation to the Authority out of moneys received from the operation of their water and sewer systems, which payment obligation is an operation and maintenance expense of each Contracting Parties’ water and sewer systems, and therefore senior to each Contracting Parties’ outstanding debt secured by their respective water and sewer revenue. The Bonds are payable from and secured by a first lien on and pledge of the Pledged Revenues of the Authority received under the contracts with the Contracting Parties (the “Contracts”) as described in this section. The Authority has no taxing power. No taxes are pledged to payment of the Bonds.

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

Actual net cost to the Contracting Parties for wastewater treatment for fiscal year 2019 was \$3.533 per 1,000 gallons. Estimated net cost of wastewater treatment to the Contracting Parties for billing purposes for fiscal year 2020 is \$5.295 per 1,000 gallons.

Reserve Fund

A Reserve Fund has previously been created to be used to finally retire or to pay when due debt service on Parity Bonds, the Bonds, and any Additional Bonds to the extent the amounts in the Interest and Redemption Fund are insufficient. The Resolution provides that so long as the market value of the money and investments in the Reserve Fund are not less than a “Required Reserve” equal to the average annual principal and interest requirements of the Parity Bonds, the Bonds, and Additional Bonds, no deposit to the Reserve Fund is required. At closing, the Authority will deposit Bond proceeds in an amount required to fully fund the Required Reserve (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 or after August 1, 2031, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof, on August 1, 2030 or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Bonds are to be redeemed, the Authority may select the maturities of the Bonds to be redeemed. If

less than all of the Bonds of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Bonds are in Book-Entry-Only form) shall determine by lot the Bonds, or portions thereof, within such maturity to be redeemed.

Notice of Redemption

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

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

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

Defeasance

The Resolution provides for the defeasance of the Bonds when the payment of all amounts due with respect to the Bonds to the due date thereof is provided by irrevocably depositing with the Paying Agent/Registrar in accordance with a future escrow agreement, 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, (b) noncallable obligations of an agency or instrumentality of the

United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the Authority adopts or approves the proceedings authorizing the issuance of refunding obligations, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the Authority adopts or approves the proceedings authorizing the issuance of refunding obligations, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent. The Authority has the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Defeasance Securities for the Defeasance Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the Authority moneys in excess of the amount required for such defeasance.

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

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

DTC will act as securities depository for the Bonds. The 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 S&P Global Ratings 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 in the series 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 the Authority or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are the responsibility of the Authority or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Authority or the Paying 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 is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas. In the Resolution, the Authority retains the right to replace the Paying Agent/Registrar. The Authority covenants to maintain and provide a Paying Agent/Registrar at all times until the Bonds are duly paid and any successor Paying Agent/Registrar shall be a commercial bank or trust company organized under the laws of the State of Texas or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Bonds. Upon any change in the Paying Agent/Registrar for the Bonds, the Authority agrees to promptly cause a written notice thereof to be sent to each registered owner of the Bonds by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

Transfer, Exchange and Registration

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

Limitation on Transfer of Bonds

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

Record Date for Interest Payment

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

In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a “Special Record Date”) will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Authority. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class postage

prepaid, to the address of each Holder of a Bond appearing on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

Bondholders' Remedies

The Resolution does not specify events of default with respect to the Bonds. If the Authority defaults in the payment of principal, interest, or redemption price on the Bonds when due, or the Authority defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Resolution, the registered owners may seek a writ of mandamus to compel the Authority or Authority officials to carry out the legally imposed duties with respect to the Bonds if there is no other available remedy at law to compel performance of the obligations set forth in 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 obligations set forth in 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. 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 remedies 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 currently provides regional wastewater collection and treatment services to the cities of Grand Prairie, Mansfield, Midlothian and Venus, Texas. The Contracts allow additional contracting parties so long as the conditions described herein under "SELECTED CONTRACT PROVISIONS" are met. The System currently features a 3.0 MGD wastewater treatment plant, that was placed in service in 2002.

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

City of Grand Prairie:	21,900,000 gallons
City of Mansfield:	22,995,000 gallons (Fiscal Year 2020); 23,725,000 gallons (Fiscal Year 2021 and thereafter)
City of Midlothian:	256,230,000 gallons
City of Venus:	61,320,000 gallons

See “SELECTED CONTRACT PROVISIONS.”

The Project

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

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Mountain Creek Regional Wastewater System Enterprise Fund

	Fiscal Year Ended November 30,				
	2019*	2018	2017	2016	2015
Total Operating Revenue	\$3,254,951	\$2,873,946	\$2,496,067	\$2,292,371	\$2,040,218
Operating Expenses (Exclusive of Depreciation)	(1,773,473)	(1,741,973)	(1,583,595)	(1,522,658)	(1,388,190)
Net Non-Operating Revenues/(Expenses) (Exclusive of Interest and Amortization Expenses)	<u>290,518</u>	<u>121,315</u>	<u>25,323</u>	<u>9,942</u>	<u>5,872</u>
Net Funds Available for Debt Service	\$1,771,996	\$1,253,288	\$937,795	\$779,655	\$657,900

* The audited financial statements for Fiscal Year Ended November 30, 2019 are expected to be approved by the Executive Committee of the Board of Directors of the Authority on April 28, 2020.

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

Anticipated Issuance of Additional System Revenue Bonds

The Authority has plans to issue approximately \$103.48 million in bonds, for certain treatment plant and collection system improvements for the System during the next 5 years.

See “SELECTED PROVISIONS OF THE RESOLUTION” for more details on the Authority’s ability to issue Additional Bonds.

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DEBT INFORMATION

Debt Service Requirements

Fiscal Year Ending November 30	Outstanding Parity Bonds Debt Service ⁽¹⁾			Less: Refunded	The Bonds			Total
	Principal	Interest	Total	Bonds	Principal	Interest	Total	Outstanding Debt Service
				Debt Service ⁽²⁾				
2020	\$ 1,055,000	\$ 315,587	\$ 1,370,587	\$ 102,203	\$ 80,000	\$ 327,947	\$ 407,947	\$ 1,676,331
2021	720,000	596,066	1,316,066	122,285	545,000	1,368,800	1,913,800	3,107,581
2022	745,000	574,244	1,319,244	125,005	1,235,000	1,341,550	2,576,550	3,770,789
2023	765,000	550,814	1,315,814	122,455	1,295,000	1,279,800	2,574,800	3,768,159
2024	805,000	525,711	1,330,711	124,778	1,360,000	1,215,050	2,575,050	3,780,984
2025	835,000	498,481	1,333,481	121,853	1,390,000	1,181,050	2,571,050	3,782,679
2026	870,000	469,136	1,339,136	123,658	1,420,000	1,146,300	2,566,300	3,781,779
2027	900,000	437,821	1,337,821	125,190	1,485,000	1,075,300	2,560,300	3,772,931
2028	940,000	404,494	1,344,494	126,440	1,560,000	1,001,050	2,561,050	3,779,104
2029	960,000	369,026	1,329,026	122,450	1,640,000	923,050	2,563,050	3,769,626
2030	995,000	340,874	1,335,874	123,460	1,725,000	841,050	2,566,050	3,778,464
2031	1,025,000	311,189	1,336,189	124,225	1,810,000	754,800	2,564,800	3,776,764
2032	1,065,000	280,314	1,345,314	124,740	1,900,000	664,300	2,564,300	3,784,874
2033	1,105,000	246,761	1,351,761	-	1,855,000	588,300	2,443,300	3,795,061
2034	1,150,000	204,621	1,354,621	-	1,935,000	514,100	2,449,100	3,803,721
2035	1,185,000	168,236	1,353,236	-	2,010,000	436,700	2,446,700	3,799,936
2036	1,190,000	130,429	1,320,429	-	2,090,000	356,300	2,446,300	3,766,729
2037	1,235,000	91,483	1,326,483	-	2,170,000	272,700	2,442,700	3,769,183
2038	1,295,000	51,070	1,346,070	-	2,240,000	207,600	2,447,600	3,793,670
2039	-	-	-	-	2,305,000	140,400	2,445,400	2,445,400
2040	-	-	-	-	2,375,000	71,250	2,446,250	2,446,250
	<u>18,840,000</u>	<u>6,566,357</u>	<u>25,406,357</u>	<u>1,588,740</u>	<u>34,425,000</u>	<u>15,707,397</u>	<u>50,132,397</u>	<u>73,950,014</u>

⁽¹⁾ Outstanding Debt Service based on the following Principal by Series as of May 5, 2020:

Series 2009	\$ 1,260,000
Series 2011	9,180,000
Series 2016	920,000
Series 2018	7,480,000

SELECTED CONTRACT PROVISIONS

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

Parties and Terms

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

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

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

Certain Definitions

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

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

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

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

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

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

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

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

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

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

"Contracting Party" means any one of the Contracting Parties.

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

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

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

Fiscal Provisions

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

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

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

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

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

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

Operation and Maintenance; Annual Budget

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

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

Payments by Contracting Parties

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

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

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

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

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

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

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

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

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

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

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

Special Provisions

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

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

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

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

(e) Each Contracting Party agrees to continuously operate and maintain its combined waterworks and sewer system, and to fix and collect such rates and charges for water and sewer services and/or sewer services to be supplied by its

system as aforesaid as will produce revenues in an amount equal to at least (i) all of the expenses of operation and maintenance expenses of such system, including specifically its payments under the Contracts, (ii) its payments from such revenues required under any other contracts, and (iii) all other amounts as required by law and the provisions of the ordinances or resolutions authorizing its revenue bonds or other obligations now or hereafter outstanding, including the amounts required to pay all principal of and interest on such bonds and other obligations.

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

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

Unconditional Obligation to Make Payments

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

Remedies Upon Default

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

SELECTED PROVISIONS OF THE RESOLUTION

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

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

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

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

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

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

“Bond Resolution” means the resolution adopted by the Board of the Issuer authorizing the issuance of the Bonds.

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

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

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

“Contracting Parties” means the Initial Contracting Parties, the First Additional Contracting Party, the Second Additional Contracting Party and any other entity which becomes an Additional Contracting Party and therefore a Contracting Party pursuant to the Initial Contract, the First Additional Contract and the Second Additional Contract.

“Contracts” means the Initial Contract, the First Additional Contract, the Second Additional Contract and any other contract entered into with an Additional Contracting Party or Parties pursuant to the terms of the Initial Contract, the First Additional Contract and the Second Additional Contract.

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

“Credit Facility Provider” means (i) with respect to any Credit Facility consisting of a policy of municipal bond insurance or a surety bond, an issuer of policies of insurance insuring the timely payment of debt service on governmental obligations such as the Bonds, Parity Bonds or Additional Bonds, provided that a Rating Agency having an outstanding rating on the Bonds, Parity Bonds or Additional Bonds would rate the Bonds, Parity Bonds or

Additional Bonds upon delivery of the Bonds, Parity Bonds or Additional Bonds fully insured by a standard policy issued by the issuer in its highest generic rating category for such obligations; and (ii) with respect to any Credit Facility consisting of a letter or line of credit, any financial institution, provided that a Rating Agency having an outstanding rating on the Bonds, Parity Bonds or Additional Bonds would rate the Bonds, Parity Bonds or Additional Bonds in one of its two highest generic rating categories for such obligations if the letter or line of credit proposed to be issued by such financial institution secured the timely payment of the entire principal amount of the series of Bonds, Parity Bonds or Additional Bonds and the interest thereon.

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

"First Additional Contract" means the Trinity River Authority of Texas - Mountain Creek Regional Wastewater System Contract (City of Venus, Texas), dated December 1, 2009, as it may be amended, between the Issuer and the First Additional Contracting Party.

"First Additional Contracting Party" means the City of Venus, Texas.

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

"Initial Contract" means the Trinity River Authority of Texas - Mountain Creek Regional Wastewater System Contract (Cities of Grand Prairie and Midlothian, Texas), dated March 1, 2002, as it may be amended, among the Issuer and the Initial Contracting Parties.

"Initial Contracting Parties" means the Cities of Grand Prairie and Midlothian, Texas.

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

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

"Mountain Creek Regional Wastewater System" and "System" mean all of the Issuer's wastewater transportation and treatment facilities, as described and defined in the Contract, serving the Contracting Parties, together with all improvements and additions to and extensions, enlargements, and replacements of such facilities. However, said terms do not include any facilities acquired or constructed by the Issuer with the proceeds from the issuance of Special Facilities Bonds.

"Parity Bonds" means the Series 2009 Bonds; the Series 2011 Bonds; the Series 2016 Bonds, the Series 2018 Bonds and, and any Additional Bonds issued on parity with such bonds.

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

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

"Required Reserve" means an amount equal to the lesser of (i) the average annual principal and interest requirements on the Bonds, Parity Bonds and Additional Bonds (taking into account Section 16(e) thereof) or (ii) the amount determined by the Code, as amended, and the regulations thereunder, as of the date of issuance of any hereafter issued Additional Bonds issued with the intent that interest thereon will be excludable from the gross income of the registered owners thereof for federal income tax purposes, to be a reasonably required reserve or replacement fund.

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

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

"Second Additional Contract" means the Trinity River Authority of Texas - Mountain Creek Regional Wastewater System Second Supplemental Contract (City of Mansfield, Texas), dated December 1, 2015, as it may be amended, between the Issuer and the Second Additional Contracting Party.

"Second Additional Contracting Party" means the City of Mansfield, Texas.

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

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

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

“Series 2018 Bonds” means the Trinity River Authority of Texas Mountain Creek Regional Wastewater System Revenue Bonds, Series 2018.

“Special Facilities Bonds” 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.

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

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

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

RESERVE FUND. There has been created and there shall be maintained on the books of the Issuer, and accounted for separate and apart from all other funds of the Issuer, a special fund to be entitled the "Trinity River Authority of Texas Mountain Creek Regional Wastewater System Revenue Bonds Reserve Fund" (hereinafter called the "Reserve Fund"). Except for those Additional Bonds described in Section 16(e), the Reserve Fund shall be used solely (i) for finally retiring the last of any Bonds, Parity Bonds or Additional Bonds, or (ii) for paying the principal of and interest on any Bonds, Parity Bonds or Additional Bonds when and to the extent the amounts in the Interest and Redemption Fund are insufficient for such purpose.

DEPOSITS OF PLEDGED REVENUES; INVESTMENTS. The Pledged Revenues shall be deposited into the Interest and Redemption Fund and the Reserve Fund when and as required by the Bond Resolution. Money in any Fund maintained pursuant to the Bond Resolution may, at the option of the Issuer, be invested as permitted by the Public Funds Investment Act, Chapter 2256, Texas Government Code, and the investment policy of the Issuer. Such deposits and investments shall be made consistent with the estimated requirements of such Funds, and any

obligation in which money is so invested shall be kept and held for the benefit of the owners of the Bonds, Parity Bonds and Additional Bonds, and shall be promptly sold and the proceeds of sale applied to the making of all payments required to be made from the Fund from which the investment was made. All earnings from the deposit or investment of any such Fund shall be credited to such Fund. All investment earnings on deposits in the Interest and Redemption Fund shall reduce the amounts which otherwise would be required to be deposited therein, with the result that the requirements of the Contracting Parties to pay principal and/or interest payments under the Contracts shall be reduced accordingly. Notwithstanding any provisions of the Bond Resolution to the contrary, all investment income, if any, required by the United States Internal Revenue Code to be rebated by the Issuer to the Internal Revenue Service in order to prevent the Bonds from being or becoming taxable "arbitrage bonds" under said Code shall be withdrawn from each Fund created by the Bond Resolution and so rebated to the extent so required.

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

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

RESERVE FUND. (a) The Required Reserve may be funded with either cash or a Reserve Fund Obligation, or both, as determined by the Authorized Officer at the time of issuance of each series of Bonds authorized by Section 1. Thereafter, no further deposits shall be made into the Reserve Fund as long as the money and investments, together with any Reserve Fund Obligation, in the Reserve Fund are at least equal in market value to the Required Reserve; but if and whenever the market value of money and investments, together with any Reserve Fund Obligation, in the Reserve Fund is reduced below said Required Reserve because of a decrease in market value of investments, then the Issuer shall require the Contracting Parties to increase payments under the Contracts as soon as practicable, and in all events by the end of the next Fiscal Year, in an amount sufficient to restore the Reserve Fund to the Required Reserve; and in the event the Reserve Fund is used to pay the principal of or interest on the Bonds, Parity Bonds or Additional Bonds because of insufficient amounts being available in the Interest and Redemption Fund, then the Issuer shall require the Contracting Parties to increase payments under the Contracts in an amount sufficient to restore the Reserve Fund to the Required Reserve in market value, and from such increased payments the Issuer shall deposit in the Reserve Fund, in approximately equal periodic installments, not less than annual, such amounts as are required to restore the Reserve Fund to the Required Reserve in market value as soon as practicable, but in any case, within one year from any date of the use of the Reserve Fund to pay such principal or interest. For purposes of calculating the amount on hand in the Reserve Fund, an amount equal to the maximum available amount which may be drawn under any Reserve Fund Obligation, as described in (e) below, will be deemed on deposit in the Reserve Fund. During any period in which the money and investments credited to the Reserve Fund, taking into account any Reserve Fund Obligation, are equal to or exceed the Required Reserve in market value then during such period all investment earnings and income from the Reserve Fund shall be deposited upon receipt to the credit of the Interest and Redemption Fund. The Required Reserve amount shall not include any Additional Bonds to which Section 16(e) applies).

(b) Except for Additional Bonds to which Section 16(e) applies, the Reserve Fund shall be used only for (i) paying principal of or interest on the Bonds, Parity Bonds or Additional Bonds when there is not sufficient money available in the Interest and Redemption Fund for such payments, and (ii) to finally to pay, redeem or retire the last of the outstanding Bonds, Parity Bonds or Additional Bonds.

(c) The Reserve Fund shall secure and be used to pay all Bonds, Parity Bonds or Additional Bonds, in the manner and to the extent provided herein. However, each resolution pursuant to which Additional Bonds are issued (except for Additional Bonds to which Section 16(e) applies), shall provide and require that (i) the aggregate amount to be accumulated and maintained in the Reserve Fund shall be increased (if and to the extent necessary) to the Required Reserve required after the issuance of such Additional Bonds; and (ii) the required additional amount, if any, shall be so accumulated by the deposit in the Reserve Fund of all of said required additional amount in cash or a Reserve Fund Obligation immediately after the delivery of the then proposed Additional Bonds.

(d) An equivalent Reserve Fund Obligation may be substituted by the Issuer at any time and from time to time for all or any part of the money and/or investments held for the credit of the Reserve Fund, and such money

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

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

(1) A surety bond or insurance policy issued to the Issuer or other party, as agent of the registered owners, by a company licensed to issue an insurance policy guaranteeing the timely payment of debt service on the Bonds (a "municipal bond insurer") if the claims paying ability of the issuer thereof shall, at the time of issuance, be rated by at least one of the following rating agencies in the indicated rating categories, to-wit, "AAA" by S&P or Fitch or "Aaa" by Moody's.

(2) A surety bond or insurance policy issued to the Issuer or other party, as agent of the registered owners, by an entity other than a municipal bond insurer, if the form and substance of such instrument and the issuer thereof shall be approved in writing by each Bond Insurer of record.

(3) An unconditional irrevocable letter of credit issued to the Issuer or other party, as agent of the registered owners, by a bank if the issuer thereof, at the time of issuance, is rated by at least one of the following rating agencies in the indicated rating categories, to-wit, at least "AA" by S&P or Fitch or "Aa" by Moody's. The letter of credit shall be payable in one or more draws upon presentation by the Issuer or other party of a sight draft accompanied by its certificate (which must be satisfactory in form and substance to the Issuer or other party and the issuer of the letter of credit) that the Issuer then holds insufficient funds to make a required payment of principal or interest on the Bonds, Parity Bonds or Additional Bonds. The draws shall be payable within two days of presentation of the sight draft. The letter of credit shall be for a term of not less than three years and shall be subject to an "evergreening" feature so as to provide the Issuer with at least 30 months notice of termination. The issuer of the letter of credit shall be required to notify the Issuer not later than 30 months prior to the stated expiration date of the letter of credit, as to whether such expiration date shall be extended, and if so, shall indicate the new expiration date. If such notice indicates that the expiration date shall not be extended, the Issuer shall deposit in the Reserve Fund, in accordance with this section, an amount sufficient to cause the money or investments on deposit in the Reserve Fund, together with any other qualifying Reserve Fund Obligations, to accumulate to the Required Reserve, unless the expired Reserve Fund Obligation is replaced by a Reserve Fund Obligation meeting the requirements in any of 1 through 3, above. The letter of credit shall permit a draw in full prior to the expiration or termination of such letter of credit if the letter of credit has not been replaced or renewed. The Issuer or other party shall draw upon the letter of credit prior to its expiration or termination unless an acceptable replacement is in place or the Reserve Fund is fully funded to the Required Reserve.

(4) The obligation to reimburse the issuer of a Reserve Fund Obligation for any expenses, claims, or draws upon such Reserve Fund Obligation, including interest thereon, shall be made from the deposits made to the Reserve Fund as provided in this section and in accordance with the provisions of the Reserve Fund Obligation. The Reserve Fund Obligation shall provide for a revolving feature under which the amount available thereunder will be reinstated to the extent of any reimbursement of draws or claims paid. If the revolving feature is suspended or terminated for any reason, the right of the issuer of the Reserve Fund Obligation to reimbursement will be subordinated to the cash replenishment of the Reserve Fund to an amount equal to the difference between the full original amount available under the Reserve Fund Obligation and the amount then available for further draws or claims. In the event (a) the issuer of a Reserve Fund Obligation becomes insolvent, or (b) the issuer of a Reserve Fund Obligation defaults in its payment obligations thereunder, or (c) the claims paying ability of the issuer of the insurance policy or surety bond is not rated "AAA" by S&P or Fitch or "Aaa" by Moody's, or (d) the rating of the issuer of the letter of credit falls below the "AA"

category by S&P and Fitch and the "Aa" category by Moody's, the obligation to reimburse the issuer of the Reserve Fund Obligation shall be subordinate to the cash replenishment of the Reserve Fund.

(5) In the event (a) the issuer of the Reserve Fund Obligation defaults in its payment obligations hereunder, or (b) the issuer of the Reserve Fund Obligation becomes insolvent, the Issuer shall either (i) deposit into the Reserve Fund, in accordance with this section, amounts sufficient to cause the money or investments on deposit in the Reserve Fund to accumulate to the Required Reserve, or (ii) replace such instrument with a surety bond, insurance policy, or letter of credit meeting the requirements in any of 1 through 3 above within twelve months of such occurrence.

(6) Where applicable, the amount available for draws or claims under a Reserve Fund Obligation may be reduced by the amount of money or investments deposited in the Reserve Fund pursuant to clause (i) of the preceding subparagraph 5.

(7) The Issuer shall ascertain the necessity for a claim or draw upon any Reserve Fund Obligation and provide notice to the issuer of the Reserve Fund Obligation in accordance with its terms not later than three days (or such appropriate time period as will, when combined with the timing of required payment under the Reserve Fund Obligation, ensure payment under the Reserve Fund Obligation on or before the interest payment date) prior to each interest payment date.

(8) Cash on deposit in the Reserve Fund shall be used (or investments purchased with such cash shall be liquidated and the proceeds applied as required) prior to any drawing on any Reserve Fund Obligation. If and to the extent that more than one Reserve Fund Obligation is deposited in the Reserve Fund, drawings thereunder and repayments of costs associated therewith shall be made on a pro rata basis, calculated by reference to the maximum amounts available thereunder.

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

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

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

ADDITIONAL BONDS. (Section 16) (a) The Issuer shall have the right and power at any time and from time to time, and in one or more Series or issues, to authorize, issue, and deliver additional parity revenue bonds (herein called "Additional Bonds"), in accordance with law, in any amounts, for any lawful purpose related to the System, including the refunding of any Bonds, Parity Bonds or Additional Bonds. Such Additional Bonds, if and when authorized, issued, and delivered in accordance with the provisions hereof, shall be secured by and made payable equally and ratably on a parity with the Bonds, from a first lien on and pledge of the Pledged Revenues.

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

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

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

(e) Notwithstanding sections (a) through (d) of this Section, the resolution authorizing a future issue of Additional Bonds may provide that such series shall not be secured by the Reserve Fund. Such series of Additional Bonds shall nevertheless 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. The Interest and Redemption Fund shall also secure and be used to pay such proposed series of Additional Bonds. If such series of Additional Bonds is issued and not secured by the Reserve Fund, the debt service on such series shall not be taken into account when calculating the average annual principal and interest requirements of the Parity Bonds to determine the Required Reserve

Additional Bonds shall be issued only in accordance with the provisions hereof, but notwithstanding any provisions of the Bond Resolution 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 the Issuer sign a written certificate to the effect that the Issuer is not in default as to any covenant, condition, or obligation in connection with all outstanding Bonds, Parity Bonds and Additional Bonds, and the resolutions authorizing the same, that the Interest and Redemption Fund and the Reserve Fund each contains the amount then required to be therein, and that either (1) based on a report of an independent engineer or firm of engineers, the Pledged Revenues, in each Fiscal Year thereafter, commencing with the third complete Fiscal Year following the date of such report, are estimated to be at least equal to 1.25 times the average annual principal and interest requirements of all Bonds, Parity Bonds and Additional Bonds to be outstanding after the delivery of the then proposed Additional Bonds, or (2) based upon an opinion of legal counsel to the Issuer, there are Contracts then in effect pursuant to which the Contracting Parties and others, if any, which are parties to such Contracts are obligated to make payments to the Issuer during each Fiscal Year (including during periods when services of the System may not be available to such Contracting Parties and others) in such amounts as shall be necessary to provide to the Issuer Pledged Revenues sufficient to pay when due all principal of and interest on all Bonds, Parity Bonds and Additional Bonds to be outstanding after the issuance of the proposed Additional Bonds, and to make the deposits into the Reserve Fund as required under the Bond Resolution.

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
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-Forresteron, 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.

Project Name (Non-Operating)

Cities and Entities Served

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.

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OUTSTANDING INDEBTEDNESS OF THE AUTHORITY

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

OUTSTANDING BONDS OF THE AUTHORITY	Outstanding May 5, 2020
Total Outstanding Principal by System/Project:	
Central Regional Wastewater System	\$ 1,071,250,000 (1)
Denton Creek Regional Wastewater Treatment System	134,930,000
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)	2,283,278
Huntsville Regional Water Supply System	5,085,000
Livingston Regional Water Supply Project	19,315,000
Mountain Creek Regional Wastewater System	17,580,000 (3)
Northeast Lakeview Wastewater Transportation Project	7,260,000
Red Oak Creek Regional Wastewater System	87,980,000
Tarrant County Water Project	116,335,000
Ten Mile Creek Regional Wastewater System	137,150,000
Town of Flower Mound Wastewater Transportation Project	3,095,000
Trinity County Regional Water Supply System Project	550,000
Walker Calloway System	6,130,000
SUB-TOTAL	\$ 1,610,463,278
The Bonds	\$ 34,425,000
TOTAL	\$ 1,644,888,278

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 May 5, 2020
Community Waste Disposal, L.P.	\$ 19,260,000
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 May 5, 2020	
Bardwell Reservoir (City of Ennis and Ellis Co. WCID#1)	\$ 555,659
Joe Pool Lake ARRA Costs	129,263
Wallisville Lake (City of Houston)	8,363,976
TOTAL	\$ 9,048,898

Cost-Share Liability Pay-off	Outstanding May 5, 2020
Lake Livingston (City of Houston)	\$ 71,087,243 (2)

(1) Does not include debt service on the \$350,000,000 Extendable Commercial Paper Bonds ("ECP Bonds") program. The ECP Bonds are secured by and payable from a first lien on the Net Revenues of the Central Regional Wastewater 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 that system. The ECP Bonds are and shall be secured by and payable only from the Net Revenues, from the proceeds from the sale of ECP Bonds to refinance maturing ECP Bonds (i.e., "roll") and the proceeds of refunding bonds to be issued by the Authority.

⁽³⁾ 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).

⁽³⁾ Excludes Refunded Bonds. See Schedule I.

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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 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 may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

Federal Income Tax Accounting Treatment of Original Issue Discount

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

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

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

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

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

Collateral Federal Income Tax Consequences

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

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

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

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 Authority and the Contracting Parties will be obligated to provide certain updated financial information and operating data annually, and the Authority and the Contracting Parties will be obligated to provide timely notice of certain specified events, to the Municipal Securities Rulemaking Board (the "MSRB"). All financial information, operating data, and financial statements and notices required to be provided to the MSRB shall be provided in electronic format and be accompanied by identifying information prescribed by the MSRB.

Annual Reports

The Authority and the Contracting Parties will provide certain updated financial information and operating data to the MSRB annually. The information to be provided and updated by the Contracting Parties includes all quantitative financial information and operating data with respect to the 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. Accordingly, each Contracting Party must provide its updated financial information and operating data by March 31 in each year and its audited financial statements (or unaudited financial statements if its audited financial statements are not available) by September 30 in each year. The Authority must provide its audited financial statement (or unaudited financial statements if its audited financial statements are not available) 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 (a)(15) and (a)(16), 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 Bond Resolution make 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, each of the Contracting Parties has complied in all material respects with its respective undertaking to provide financial information and operating data of the general type included in Appendix B to this Official Statement within six months of the end of its respective fiscal year.

With respect to the City of Venus' obligation to file its audited financial statements within six months of the end of its fiscal year, if audited financial statements of the city were not available to be filed within such time period, the city typically provided certain financial information and operating data by the specified date but did not file formal unaudited financial statements by such date. For fiscal year ending 2019, the City of Venus did not file its audited financial statements by March 31, 2020, but did file timely file certain financial information and operating data.

Additionally, the City of Grand Prairie has disclosed certain instances of non-compliance within the previous five years in connection with its non-System related undertakings in separate Official Statements that have been filed on EMMA.

The information in the preceding paragraphs with respect to the Contracting Parties has been included based upon publicly filed information available on EMMA and other publicly available sources including offering documents prepared by Contracting Parties.

OTHER INFORMATION

Ratings

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

A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

Litigation

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

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

Registration and Qualification of Bonds for Sale

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

Legal Investments and Eligibility to Secure Public Funds in Texas

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

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

Legal Matters

The Authority will furnish a complete transcript of proceedings relating to the authorization and issuance of the Bonds, including the approving legal opinion of the Attorney General of Texas approving the Bonds and to the effect that the Bonds are valid and legally binding special obligations of the Authority and, based upon examination of such transcript of proceedings, the approving legal opinion of Bond Counsel, to like effect and to the effect that the interest on the Bonds will be excludable from gross income for federal income tax purposes under Section 103(a) of the Code, subject to the matters described under “TAX MATTERS” herein. 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 \$39,915,426.39, which represents the par amount of the Bonds, plus a reoffering premium of \$5,731,851.25, less an Underwriters’ discount of \$241,424.86, 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.

RBC Capital Markets, LLC (“RBCCM”), has provided the following information for inclusion in this Official Statement: RBCCM and its respective affiliates are full-service financial institutions engaged in various activities, that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, RBCCM and its respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). RBCCM and its respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the Authority. RBCCM and its respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the Authority. RBCCM and its respective affiliates may make a market in credit default swaps with respect to municipal securities in the future.

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 COVID-19 Virus

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. The Governor has since issued a number of executive orders relating to COVID-19 preparedness and mitigation which, among other measures, impose limitations on social gatherings of more than 10 people, ban eating or drinking at bars, restaurants, and food courts and visiting gyms, and temporarily close school districts throughout the state. In addition, each of Dallas, Tarrant, Johnson, and Ellis Counties, which are all served by the System, have issued "shelter-in-place" orders for most citizens except when engaged in specified essential businesses and essential government functions.

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. Neither the Contracting Parties nor the Authority can predict with certainty the effect of the outbreak, if any, on their respective operations or on the local economy, 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 certificate is a part of the Resolution authorizing the issuance of the Bonds, has been executed by an Authorized Officer of the Authority and has approved the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and authorized its further use in the reoffering of the Bonds by the Underwriters.

TRINITY RIVER AUTHORITY OF TEXAS

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

SCHEDULE I

REFUNDED BONDS

**Trinity River Authority of Texas
Mountain Creek Regional Wastewater System Revenue Bonds, Series 2009**

Original Maturity	Interest Rates (%)	Amount Refunded (\$)	Redemption Date	Redemption Price
8/1/2020	2.650	80,000	5/15/2020	100%
8/1/2021	2.850	80,000	5/15/2020	100%
8/1/2022	3.000	85,000	5/15/2020	100%
8/1/2023	3.150	85,000	5/15/2020	100%
8/1/2024	3.250	90,000	5/15/2020	100%
8/1/2025	3.550	90,000	5/15/2020	100%
8/1/2026	3.650	95,000	5/15/2020	100%
8/1/2027	3.750	100,000	5/15/2020	100%
8/1/2028	3.800	105,000	5/15/2020	100%
8/1/2029	3.800	105,000	5/15/2020	100%
8/1/2030	3.850	110,000	5/15/2020	100%
8/1/2031	3.900	115,000	5/15/2020	100%
8/1/2032	3.950	120,000	5/15/2020	100%
		\$1,260,000		

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APPENDIX A

BIOGRAPHICAL INFORMATION

*Board of Directors
and
Management Officers*

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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 (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 (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 Soman & 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.

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MANAGEMENT OFFICERS

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

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

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

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

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.

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APPENDIX B

CERTAIN FINANCIAL AND OPERATING DATA OF THE CONTRACTING PARTIES*

Contracting Parties:

City of Grand Prairie, Texas

City of Mansfield, Texas

City of Midlothian, Texas

City of Venus, Texas

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

CITY OF GRAND PRAIRIE, TEXAS

TABLE 1 - WATERWORKS AND SEWER SYSTEM CONDENSED STATEMENT OF OPERATIONS

	Fiscal Year Ended September 30,				
	2019	2018	2017	2016	2015
Revenues ⁽¹⁾					
Sales to Customers	\$ 42,337,949	\$ 44,893,468	\$ 40,565,531	\$ 39,054,285	\$ 35,847,333
Wastewater Charges to Customers	28,616,537	28,328,868	26,663,505	24,983,819	23,500,825
Wastewater Surcharge/Monitoring	824,590	846,222	870,104	722,154	698,342
Impact Fees	2,757,880	2,743,483	2,652,051	2,407,003	1,789,880
Other	418,505	905,254	2,273,191	2,860,418	3,376,881
Total Revenues	\$ 74,955,461	\$ 77,717,295	\$ 73,024,382	\$ 70,027,679	\$ 65,213,261
Expenses ⁽²⁾					
Salaries & Personnel Benefits	\$ 8,724,269	\$ 8,072,319	\$ 8,149,266	\$ 7,690,878	\$ 6,983,821
Professional Services	6,501,575	6,236,044	9,637,701	6,672,050	5,573,076
Franchise Fees	2,840,985	2,927,443	2,691,080	2,561,398	2,376,121
Water Purchase	13,463,858	16,917,148	14,780,509	14,223,378	12,370,857
Wastewater Treatment	18,689,151	15,644,623	14,988,513	15,346,644	14,726,953
Other ⁽³⁾	6,875,638	6,650,589	5,284,002	5,035,914	4,754,974
Total Expenses	\$ 57,095,476	\$ 56,448,166	\$ 55,531,071	\$ 51,530,262	\$ 46,785,802
 Available for Debt Service	 \$ 17,859,985	 \$ 21,269,129	 \$ 17,493,311	 \$ 18,497,417	 \$ 18,427,459

(1) Includes operating and non-operating revenue.

(2) Excludes depreciation and debt service expense.

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

TABLE 2 - COVERAGE AND FUND BALANCES

Average Annual Principal and Interest Requirements, All Water and Wastewater System Revenue Bonds, Fiscal Year Ended 9/30/2020	\$	3,065,831
 Coverage of Average Annual Requirements based on 9/30/2019 Estimated Revenue Available for Debt Service		 5.83 x
 Total Principal and Interest Requirements of all debt obligations paid from Water and Wastewater Treatment Fund Water and Wastewater System Revenue Bond, Contract and Tax Obligations issued for System Improvements, Fiscal Year Ended 9/30/2020	 \$	 6,708,439
 Coverage of Total Requirements based on 9/30/2019 Estimated Revenue Available for Debt Service		 2.66 x

TABLE 3 - AUTHORIZED BUT UNISSUED REVENUE BONDS

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

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TABLE 4 – DALLAS WATER UTILITIES

Fiscal Year Ended 9/30	Dallas Water Utilities		City of Ft. Worth	City of Cedar Hill/Midlothian	Total Cost of Water Purchased
	Volume Charges	Demand Charges	Volume Charges	Volume Charges	
2015	\$ 2,561,969	\$ 7,547,810	\$ 1,687,495	\$ 735,927	\$ 12,533,201
2016	3,687,583	8,228,711	1,582,870	1,582,870	15,082,034
2017	3,246,558	9,119,618	1,336,357	2,186,657	15,889,190
2018	3,624,469	9,479,477	1,984,800	2,051,049	17,139,795
2019	2,096,198	7,556,649	1,764,335	2,046,677	13,463,859

TABLE 5 -WATER AND WASTEWATER RATES ⁽¹⁾

Water Rates (Per 1,000 Gallons)	Current 10/1/2019	Previous 10/1/2018
<u>Classification</u>		
Residential		
Per 1,000 gallons, total usage 3,000 gallons or less	\$ 0.12	\$ 0.12
Per 1,000 gallons, total usage more than 3,000 gallons, and up to and including 20,000 gallons	4.22	4.04
Per 1,000 gallons, all quantities over 20,000 gallons	7.57	7.24
Commercial	4.70	4.50
Industrial	4.70	4.50
Governmental	3.95	3.78
Fire Hydrant	8.85	8.43
<u>Minimum Monthly Charge (Based on Meter Size):</u>		
5/8" of 3/4"	\$ 15.49	\$ 14.82
1"	19.93	19.07
1 1/4"	23.84	22.81
1 1/2"	25.88	24.17
2"	42.62	40.78
3"	132.14	126.65
4"	163.81	156.76
6"	245.60	235.02
8"	341.82	327.28
10"	356.64	341.28
12"	375.26	359.10
<u>Wastewater Rates (Per 1,000 Gallons)</u>		
Classification		
Residential	\$ 4.32	\$ 4.13
Commercial	5.58	5.39
Industrial	5.58	5.39
Governmental	4.63	4.43
<u>Wastewater Minimum charges based on meter size</u>		
5/8" of 3/4"	\$ 14.12	\$ 13.51
1"	15.29	14.63
1 1/4"	17.83	17.06
1 1/2"	18.59	17.79
2"	22.16	21.21
3"	32.82	31.41
4"	43.58	41.70
6"	67.62	64.71
8"	95.66	91.54
10"	122.47	117.20
12"	137.21	131.30

(1) Source: City Staff.

TABLE 6 - AVERAGE DAILY WATER USAGE (GALLONS)

Fiscal Year Ended 9/30	Average Daily Usage	Maximum Day's Use	Total Pumped In
2015	23,171,895	40,257,400	8,457,741,334
2016	24,564,056	42,474,976	8,966,030,397
2017	25,613,487	36,316,452	9,348,922,755
2018	26,064,236	39,935,407	9,513,445,970
2019	25,695,470	40,241,588	9,378,845,231

TABLE 7 - AVERAGE DAILY WASTEWATER FLOW

Fiscal Year Ended 9/30	Average Daily Usage
2015	17,862,300
2016	16,569,421
2017	16,307,400
2018	17,758,618
2019	19,182,600

TABLE 8 - WASTEWATER TREATMENT

Fiscal Year Ended 9/30	Wastewater Treatment			Joe Pool Intake	Joe Pool Corp of Engineers	Total
	Maintenance	Debt Service	Subtotal			
2015	\$ 5,774,796	\$ 8,060,760	\$ 13,835,556	\$ 6,750	\$ 387,511	\$ 14,229,817
2016	5,895,397	8,559,504	14,454,901	6,782	396,612	14,858,295
2017	5,946,771	8,153,527	14,100,298	8,347	201,735	14,310,380
2018	5,612,671	10,134,974	15,747,645	5,324	-	15,752,969
2019	7,054,098	11,646,796	18,700,894	14,105	-	18,714,999

TABLE 9 - TEN LARGEST WATER AND WASTEWATER CUSTOMERS

Customer	Fiscal Year Ended September 30, 2019			
	Total Consumption ⁽¹⁾	Amount Billed		
		Billed	Water	Wastewater
Coca-Cola North America	165,173	\$ 1,329,196	\$ 743,279	\$ 585,917
Bell Helicopter	110,823	972,139	498,704	473,436
Poly America Inc.	47,916	424,243	218,932	205,311
Lockheed-Martin	43,684	394,544	196,578	197,966
Fresh Express	41,351	353,521	186,080	167,441
North Texas Healthcare Laundry	40,085	342,805	180,383	162,422
Bigelow Colorado DBA Budget Suites	34,918	305,144	157,620	147,524
FRBH Silverbrook	31,405	263,271	141,323	121,949
Bigelow Arizona DBA Budget Suites	29,996	320,490	215,602	104,888
Mountain Creek Homeowners	27,914	317,119	208,597	108,522
Totals	573,265	\$ 5,022,472	\$ 2,747,095	\$ 2,275,376

(1) In 1,000 Gallons.

CITY OF MANSFIELD, TEXAS

TABLE 1 - WATERWORKS AND SEWER SYSTEM CONDENSED STATEMENT OF OPERATIONS

	Fiscal Year Ended September 30,				
Revenues	2019 ⁽¹⁾	2018	2017	2016	2015
Water Service	\$ 20,401,003	\$ 22,008,371	\$ 19,639,307	\$ 18,459,984	\$ 17,105,911
Sewer Service	12,805,588	12,580,718	11,533,077	10,863,897	9,790,377
Charges for Services	1,708,337	1,394,059	1,613,957	1,397,430	1,286,973
Interest Earnings	620,381	371,649	164,312	76,716	16,645
Impact Fees	2,942,592	3,500,583	2,357,803	2,320,248	1,894,021
Total Revenues	\$ 38,477,901	\$ 39,855,380	\$ 35,308,456	\$ 33,118,275	\$ 30,093,927
Expenses					
Water Distribution	\$ 19,342,805	\$ 19,722,391	\$ 16,955,343	\$ 15,971,104	\$ 19,582,199
Administration	4,220,376	3,128,042	3,316,384	3,070,093	2,486,140
Total Expenses	\$ 23,563,181	\$ 22,850,433	\$ 20,271,727	\$ 19,041,197	\$ 17,096,059
 Net Available for Debt Service	 \$ 14,914,720	 \$ 17,004,947	 \$ 15,036,729	 \$ 14,077,078	 \$ 12,997,868
 Water Customers	 22,408	 21,629	 21,291	 20,807	 20,404
Sewer Customers	19,813	19,282	18,765	18,325	17,974

(1) Unaudited.

TABLE 2 - COVERAGE AND FUND BALANCES

Average Annual Principal and Interest Requirements, 2020-2035	\$ 2,748,870
Coverage of Average Requirements by 9/30/19 Net Income	5.43x
Maximum Principal and Interest Requirements, 2020	\$ 4,735,871
Coverage of Maximum Requirements by 9/30/19 Net Income	3.15x
Waterworks and Sewer System Bonds Outstanding, 9/30/20	\$ 34,260,000
Water and Sewer Sinking and Reserve Fund, 9/30/19	\$ 4,446,147

TABLE 3 - AUTHORIZED BUT UNISSUED REVENUE BONDS

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

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TABLE 4 - HISTORICAL WATER CONSUMPTION

Fiscal Year Ended 9/30	Total Usage	Peak Day	Average Day
2014	3,902,516,000	21,030,000	10,270,000
2015	3,941,276,000	24,680,000	10,770,000
2016	4,273,509,000	23,369,000	11,373,000
2017	4,480,309,000	20,975,000	12,256,000
2018	4,923,147,000	26,662,000	13,673,000
2019	4,794,009,000	28,495,000	13,134,000

TABLE 5 - TEN LARGEST WATER CUSTOMERS ⁽¹⁾

Customer	2019 Water Usage	% of Total Water Usage	Water Revenue	Percent of Water Revenues
Walnut Creek Country Club	49,696,970	1.04%	\$ 79,084	0.39%
Mansfield ISD	32,389,490	0.68%	367,475	1.80%
City of Mansfield	31,675,590	0.66%	122,150	0.60%
Methodist Mansfield Medical Center	31,272,420	0.65%	138,182	0.68%
Mansfield National Golf Club	28,450,860	0.59%	42,978	0.21%
Southwaste	27,265,890	0.57%	9,477	0.05%
Equistar Chemicals	23,293,480	0.49%	82,527	0.40%
Mid America Apt	20,724,390	0.43%	92,232	0.45%
Best Maid Products	20,518,170	0.43%	16,771	0.08%
Breezy Oaks Mobile Home	16,345,000	0.34%	81,944	0.40%
Total	281,632,260	5.87%	\$ 1,032,820	5.06%

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

TABLE 6 - MONTHLY WATER RATES

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

TABLE 7 - WASTEWATER USAGE (GALLONS)

<u>Year Ending</u> <u>9/30</u>	<u>Amount in</u> <u>Gallons (000)</u>
2014	2,161,063
2015	2,168,915
2016	2,146,619
2017	1,962,366
2018	2,025,919
2019	2,303,352

TABLE 8 - MONTHLY SEWER RATES

	<u>Current Rates</u> <u>Effective as of</u> <u>October, 2018</u>
<u>Residential</u>	
Base 2,000 Gallons	\$ 10.02
Base 2,001 Gallons	28.54
Each 1,000 Over 2,000 Gallons	3.78
Maximum	73.90
Sewer Service Only - Flat Rate	58.78
<u>Commercial</u>	
Base 2,000 Gallons	\$ 28.54
Each 1,000 Over 2,000 Gallons	3.78

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CITY OF MIDLOTHIAN, TEXAS

CONDENSED WATERWORKS AND SEWER SYSTEM OPERATING STATEMENTS

TABLE 1

	Fiscal Year Ended September 30				
	2019	2018	2017	2016	2015
Revenues ^(a)	\$ 19,843,390	\$ 17,976,259	\$ 17,126,074	\$ 13,558,845	\$ 13,322,287
Water and Sewer Impact Fees(a)	2,560,000	2,089,061	2,084,722	1,744,068	1,196,155
Interest Income from WS Operating Account ^(b)	819,801	452,247	139,820	86,295	58,525
Expenses ^(c)	(9,836,109)	(8,337,594)	(8,035,144)	(7,597,385)	(6,997,697)
Net Available for Debt Service	<u>\$ 13,387,082</u>	<u>\$ 12,179,973</u>	<u>\$ 11,315,472</u>	<u>\$ 7,791,823</u>	<u>\$ 7,579,270</u>
Annual Revenue Bond Debt Service Requirements	\$0	\$0	\$1,662,158	\$2,506,143	\$2,505,343 ^(d)
Revenue Bond Debt Service Coverage	N/A X	N/A X	6.81 X	3.11 X	3.03 X
Annual Debt Service Requirements for all Bonds Paid from System Revenues	\$3,237,306	\$3,338,658	\$3,348,157	\$3,591,649	\$3,751,723
Debt Service Coverage on all Bonds Paid from System Revenues	4.14 X	3.65 X	3.38 X	2.17 X	2.02 X
Customer Count					
Water	6,721	6,532	6,326	6,019	5,584
Sewer	8,865	8,883	8,020	7,462	6,237
Roadway Impact Fees (Not Included in Revenues Above)	\$ 1,674,499	\$ 1,982,435	\$ 1,473,672	\$ 1,045,886	\$ 728,952
Midlothian Development Authority Contribution	\$ 777,840	\$ 797,517 ^(e)	\$ 796,089 ^(e)	\$ 797,205 ^(e)	\$ 796,365 ^(e)

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

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

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

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

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

Source: The City of Midlothian

COVERAGE OF THE BONDS

TABLE 2

2019 Net Revenues Available for Debt Service	\$ 13,387,082
Maximum Revenue Debt Service Requirement	\$ -
Coverage	N/A X
Maximum Debt Service Requirements Including Self-Supporting Obligations (2019)	\$ -
Coverage	#DIV/0! X

PRINCIPAL WATER CUSTOMERS (As of September 30, 2019)

TABLE 3

Name of Customer	Average Monthly Consumption	Average
	Gallons	Monthly Bill
Rockett Special Utility District ^(a)	27,487,580	\$ 184,629
City of Venus ^(a)	8,862,200	45,055
Sardis Lone-Elm Water Supply	10,460,130	31,470
Mountain Peak Water Supply ^(a) 8" Meter	22,546,160	25,015
Midlothian Energy	5,108,183	18,001
Village South	752,867	6,994
Midlothian Apt Owner LLC	678,542	6,222
PR Associates Ridgeway Apts	425,250	4,417
Gerdau Ameristeel	1,101,783	11,527
Turtle Cove Apt Homes	363,000	3,615
Total	<u>77,785,695</u>	<u>\$ 336,944</u>

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

<u>Name of Customer</u>	<u>Average Monthly Bill</u>
Midlothian Energy LLC	\$ 18,237
Village South MHP	16,751
Midlothian Apt Owner LLC	15,232
PR Associates Ridgeway Apts	10,083
Turtle Cove Apartments	8,380
PR Associates Pecan Ridge Apts	6,804
Courtyard/Midlothian Conf Center	6,403
The Terrace at Midtowne	6,127
Allen Perri Properties LLC	4,999
Eastwood Apartments	4,340
Total	\$ 97,356

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WATER RATES

TABLE 5

(Based on Monthly Billing)

Existing Rates
(Effective October 1, 2019)

Residential		
Service	Inside City Limits Residential	Outside City Limits Residential
Type		
Minimum/Customer Charge/First 2,000 Gallons:		
¾" water meter	\$ 31.46	\$ 37.75
1" water meter	47.00	56.40
1 ½" water meter	52.79	63.35
2" water meter	86.96	104.35
Volume Charge Per 1,000 Gallons:		
2,001 - 10,000 Gallons	\$ 4.87	\$ 5.84
10,001 - 20,000 Gallons	5.62	6.74
20,001 - Above Gallons	6.37	7.64
Apartment Complexes / Mobile Home Parks / Hotels-Motels		
Per Unit / Room	\$ 31.46	\$ 37.74
Volume Charge Per 1,000 Gallons		
2,001 - Above Gallons	\$ 5.69	\$ 6.81
Commercial		
Service	Inside City Limits Commercial	Outside City Limits Commercial
Type		
Minimum/Customer Charge/First 2,000 Gallons:		
¾" water meter	\$ 31.46	\$ 37.75
1" water meter	47.00	56.40
1 ½" water meter	52.79	63.35
2" water meter	86.96	104.35
3" water meter	181.17	217.40
4" water meter	253.64	304.37
6" water meter	362.32	434.78
8" water meter	579.74	695.69
Fire Hydrant Meter	289.86	-
Volume Charge Per 1,000 Gallons:		
2,001 - Above Gallons	\$ 5.27	\$ 7.82
0-Above Gallons - Public Facilities	4.04	
Wholesale Water Customers -		
Volume Charge per 1,000 Gallons		
Rockett SUD	\$ 3.04	
Mountain Peak	3.05	
Grand Prairie	4.15	
Sardis-Lone Elm	2.95	
Venus	4.15	
* Midlothian Energy LLC - 2,001 - Above Gls	-	
Raw Water Sales - Grand Prairie Golf Course	\$ 0.89	
Industrial / Railport		
Minimum/Customer Charge/First 2,000 Gallons:		
¾" water meter	\$ 31.46	
1" water meter	47.00	
1 ½" water meter	52.79	
2" water meter	86.96	
3" water meter	181.17	
4" water meter	253.64	
6" water meter	362.32	
8" water meter	579.74	
Volume Charge Per 1,000 Gallons:		
2,001 - Above Gallons	\$ 5.27	

* Effective 10-1-18 no longer a contract water customer

Existing Rates
(Effective October 1, 2019)

(Based on average water consumption for the months of Mid-November through Mid-February)

<u>Service Type</u>	<u>Inside City Limits</u>	<u>Outside City Limits</u>
Residential		
Average Base Charge	\$ 28.50	\$ 34.20
Usage Charge	7.42	8.90
Apartment Complexes / Mobile Home Parks / Hotel-Motel		
Per Unit / Room	\$ 28.50	\$ 34.20
Usage Charge	7.42	8.90
Residential Wastewater Only		
Average Base Charge	\$ 28.50	\$ 34.20
Usage Charge	7.42	8.90
Commercial		
Average Base Charge	\$ 57.61	\$ 69.13
Usage Charge	7.42	8.90
Commercial Wastewater Only		
Average Base Charge	\$ 57.61	\$ 69.13
Usage Charge	7.42	8.90
Public Facilities - All Sizes		
Base Charge	\$ -	
Flat Rate Only Per 1,000 Gallons	5.49	
Industrial / Railport		
Average Base Charge	\$ 57.61	
Usage Charge	7.42	
Industrial / Railport Wastewater Only		
Average Base Charge - Wastewater Meter	\$ 57.61	
Usage Charge	7.42	

SEWER SYSTEM PRODUCTION (Fiscal Years 2010-2019)**TABLE 6**

Volumes, average daily and peak daily flow for the Sewer System for the past ten years are shown below.

<u>Fiscal Year</u>	<u>Annual Sewage Flow (000 Gallons)</u>	<u>Average Daily Flow (000 GPD)</u>	<u>Peak Daily Flow (000 GPD) ^(a)</u>
2010	607,092	1,663	7,034
2011	413,533	1,133	2,551
2012	475,979	1,300	7,245
2013	402,692	1,103	4,162
2014	449,202	1,231	4,217
2015	564,298	1,546	8,454
2016	656,522	1,794	7,148
2017	535,400	1,467	3,142
2018	607,946	1,412	7,172
2019	818,422	2,240	6,904

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

CITY OF VENUS, TEXAS

TABLE 1 – WATER AND SEWER SYSTEM CONDENSED STATEMENT OF OPERATIONS

	Fiscal Year End September 30.				
	2019 ⁽¹⁾	2018	2017	2016	2015
Operating Revenues:					
Water and Sewer Service	\$ 2,240,596	\$ 2,318,863	\$ 1,840,536	\$ 1,775,857	\$ 1,632,634
Late Charges	12,521	-	-	20,949	26,218
Miscellaneous	18,121	3,283	182,670	10,111	9,885
Interest Income	3,916	-	1,485	-	-
Total Operating Revenues	\$ 2,275,154	\$ 2,322,146	\$ 2,024,691	\$ 1,806,917	\$ 1,668,737
Operating Expenses:					
Salaries and Other labor	\$ 279,212	\$ 169,449	\$ 261,854	\$ 54,957	\$ 55,407
Utilities	30,490	32,433	34,902	176,820	160,609
Office Expenses	53,544	42,394	47,713	8,525	19,793
Payroll Taxes	-	-	-	13,565	13,579
Parts and Supplies	66,864	55,291	40,924	21,445	21,599
Repairs and Maintenance	49,091	133,396	32,729	8,865	30,473
Chemicals	3,126	3,566	628	2,362	1,035
Auto Expenses	9,978	14,441	11,115	10,659	14,971
Insurance	8,548	35,045	22,199	26,192	18,976
Water and Sewer tests	3,466	4,481	4,841	5,975	3,675
Water Contract Fees	1,168,445	827,868	889,120	836,863	808,140
Lease Expenses	31,747	-	-	1,967	2,214
Miscellaneous	-	2,024	32,786	21,994	24,950
Total Operating Expenses	\$ 1,704,511	\$ 1,320,391	\$ 1,378,812	\$ 1,190,189	\$ 1,175,421

(1) Unaudited.

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

Name of Customer	Average Monthly 2019 Consumption Gallons	Average Monthly Bill
Management & Training Corp.	6,182,717	\$ 83,280
Venus ISD Primary	267,850	4,220
Crown Point Apartments	142,400	3,733
Venus ISD Middle School	140,917	2,817
Venus ISD Elementary	82,942	1,889
Tiger Mart (Car Wash)	75,317	929
Venus Retirement Village	55,117	2,220
Venus ISD High School	46,100	1,001
Whataburger #753	36,525	1,121
Venus ISD Softball Fields	32,975	1,320
Totals	7,062,858	\$ 102,531

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TABLE 3 – TEN LARGEST SEWER CUSTOMERS (GALLONS)

Name of Customer	Average Monthly 2019 Bill
Management & Training Corp	\$ 83,280
Venus ISD Primary	4,220
Crown Point Apartments	3,733
Venus ISD Middle School	2,817
Venus Retirement Village	2,220
Venus ISD Elementary	1,889
VISD Softball Field	1,320
Whataburger # 753	1,121
Venus ISD High School	1,001
Venus ISD Admin Office	946
Total	<u>\$ 102,548</u>

TABLE 4 – WATER RATES (EFFECTIVE OCTOBER, 2019)

Residential Water	
Minimum Charge/First 2,000 Gallons	\$ 46.56
2,001-5,000 Gallons	4.43
Above 5,000 Gallons	7.73
Small Business Water	
Minimum Charge/First 2,000 Gallons	\$ 62.33
2,001-over	6.54
Retail Business Water	
Minimum Charge	\$ 312.90
5,001-15,000	6.54
15,000-over	7.50
Commercial Water	
Minimum Charge	\$ 387.28
Above 50,000 Gallons	7.25
Multi-Family Water	
Minimum Charge	\$ 1135.46
5,001-over	7.50

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TABLE 5 – SEWER RATES (EFFECTIVE OCTOBER, 2019)

Residential Sewer		
Minimum Charge	\$	62.98
Patriot Estates		
Current	\$	50.59
Small Business Sewer		
Minimum Charge	\$	66.89
Above 5,000-10,000		3.35
Above 10,000		4.11
Retail Business Sewer		
Minimum Charge	\$	147.58
Above 50,000 Gallons		4.11
15,000-above		6.10
Commercial Sewer		
Minimum Charge	\$	257.55
Above 50,000 Gallons		6.51
Multi-Family Sewer		
Minimum Charge	\$	557.47
Above 50,000 Gallons		4.64

TABLE 6 – SEWER SYSTEM PRODUCTION

Fiscal Year	Annual Sewage Flow (000 Gallons)	Average Daily Flow (000 GPD)	Peak Daily Flow (000 GPD)
2015	141,569,500	387,900	184,600
2016	138,768,500	379,100	119,100
2017	133,559,000	365,900	945,000
2018	141,817,000	389,000	167,500
2019	152,988,800	419,147	174,640

TABLE 7 – AVERAGE DAILY WATER USAGE

Year Ended 9/30	Average Daily Usage	Total Pumped In
2015	253,067	91,104,200
2016	268,850	98,130,000
2017	295,083	107,772,000
2018	285,595	104,242,100
2019	291,333	106,336,647

APPENDIX C

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

TRINITY RIVER AUTHORITY OF TEXAS

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

	DENTON CREEK REGIONAL WASTEWATER	RED OAK CREEK REGIONAL WASTEWATER	MOUNTAIN CREEK REGIONAL WASTEWATER	HUNTSVILLE REGIONAL WATER SUPPLY
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

* Note to Trinity River Authority of Texas Mountain Creek Regional Wastewater System Revenue Improvement and Refunding Bonds, Series 2020 Official Statement:
On December 18, 2018, documents were executed to transfer capital assets of the Mountain Creek Regional Wastewater System to the City of Midlothian, Texas. The assets transferred and related net book values at the time of transfer include the East Lift Station Force Main and FM 1387 Corridor Sanitary Sewer (\$1,045,322), Padera Lift Station and Force Main (\$1,170,680), and Southeast Lift Station and Force Main (\$3,413,122).
The facilities listed above were jointly owned by the cities of Midlothian and Grand Prairie and were donated to the Mountain Creek Regional System. After years of operation and maintenance by the Authority, only Midlothian was being serviced by the assets, eliminating the need for future regional service by more than one customer party. By unanimous agreement, the System parties voted to return the asset's ownership to Midlothian to operate and maintain. This was a non-cash transfer with no impact on net funds available for debt service.

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

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Proposed Form of Opinion of Bond Counsel

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

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

IN THE AGGREGATE PRINCIPAL AMOUNT OF \$34,425,000

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 General Manager authorized thereby (collectively, the "*Bond Resolution*").

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

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

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



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

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

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

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

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

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



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

Respectfully,

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