
TRANSCRIPT OF PROCEEDINGS

RELATING TO

\$6,510,000

Trinity River Authority of Texas
Red Oak Creek System Revenue Refunding Bond,
Series 2020

DATE OF DELIVERY

March 30, 2020



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Transcript of Proceedings

\$6,510,000

Trinity River Authority of Texas

Red Oak Creek System Revenue Refunding Bonds, Series 2020

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RESOLUTION NO. R-1538

RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF TRINITY RIVER AUTHORITY OF TEXAS RED OAK CREEK SYSTEM REVENUE BONDS AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO

THE STATE OF TEXAS
TRINITY RIVER AUTHORITY OF TEXAS

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

1. The Board of Directors of said Authority convened in REGULAR MEETING ON THE 26TH DAY OF FEBRUARY, 2020, at the designated meeting place, and the roll was called of the duly constituted officers and members of said Board, to-wit:

Kevin Maxwell, President	Victoria K. Lucas
Howard S. Slobodin, Secretary	Dennis "Joe" McCleskey
Cathy Altman	Lewis H. McMahan
Whitney D. Beckworth	Robert F. McFarlane, M.D.
Henry Borbolla III	Manny Rachal
Cary Cole Camp	Stephen L. Roberts
Megan W. Deen	William O. Rodgers
Tommy G. Fordyce	Amir A. Rupani
Jerry F. House	C. Dwayne Somerville
Lisa Hembry	Frank H. Steed, Jr.
John W. Jenkins	David G. Ward
Jess A. Laird	Brenda K. Walker
David B. Leonard	Edward C. Williams III

and, at the time of adoption of the resolution hereinafter described, all of said persons were present and voted, except the following absentees: William O. Rodgers and Robert F. McFarlane, M.D. Whereupon, a quorum being present, the following was transacted at said Meeting: a written

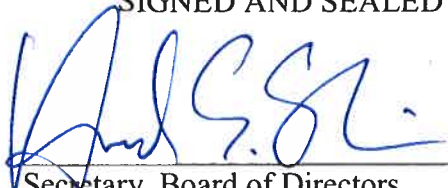
RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF TRINITY RIVER AUTHORITY OF TEXAS RED OAK CREEK SYSTEM REVENUE BONDS AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO

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

NAY: 0 ABSTAIN: 0

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

SIGNED AND SEALED the 26th day of February, 2020.


Secretary, Board of Directors,
Trinity River Authority of Texas

(AUTHORITY SEAL)



RESOLUTION NO. R-1538

RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF TRINITY RIVER AUTHORITY OF TEXAS RED OAK CREEK SYSTEM REVENUE BONDS AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO

THE STATE OF TEXAS
TRINITY RIVER AUTHORITY OF TEXAS

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

WHEREAS, a "*Trinity River Authority of Texas - Red Oak Creek Regional Wastewater System Contract*" (the "*Initial Contract*"), dated June 1, 1986, has been duly executed among Trinity River Authority of Texas (hereinafter called the "*Issuer*" or the "*Authority*") and the Cities of Cedar Hill, De Soto, Glenn Heights, Lancaster, Ovilla, and Red Oak, Texas (the "*Cities*"), with respect to the acquisition and construction by the Issuer, for the benefit of the Cities, of a wastewater treatment "*System*" as described in the Initial Contract;

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

WHEREAS, pursuant to the Initial Contract the Issuer has issued and delivered, and there are outstanding the following bonds of the Issuer:

Trinity River Authority of Texas Red Oak Creek System Revenue Bonds, Series 2009 (the "*Series 2009 Bonds*"),

Trinity River Authority of Texas Red Oak Creek System Revenue Bonds, Series 2011 (the "*Series 2011 Bonds*"),

Trinity River Authority of Texas Red Oak Creek System Revenue Bonds, Series 2013 (the "*Series 2013 Bonds*"),

Trinity River Authority of Texas Red Oak Creek System Revenue Refunding Bonds, Series 2015 (the "*Series 2015 Bonds*"),

Trinity River Authority of Texas Red Oak Creek System Revenue Improvement and Refunding Bonds, Series 2016 (the "*Series 2016 Bonds*");

Trinity River Authority of Texas Red Oak Creek System Revenue Improvement Bonds, Series 2018 (the "*Series 2018 Bonds*");

Trinity River Authority of Texas Red Oak Creek System Revenue Improvement Bonds, Series 2019 (the "*Series 2019 Bonds*");

WHEREAS, the Series 2009 Bonds, Series 2011 Bonds, Series 2013 Bonds, Series 2015 Bonds, Series 2016 Bonds, Series 2018 Bonds, and the Series 2019 Bonds are collectively referred to herein as the "*Outstanding Bonds*";

WHEREAS, the Initial Contract and the resolutions authorizing the Outstanding Bonds provide that the Bonds issued herein may be issued by the Issuer as Additional Bonds under the resolutions authorizing the Outstanding Bonds, such Bonds to be on a parity with the above described bonds which are presently unpaid and outstanding;

WHEREAS, the Authority has determined to issue and sell the Bonds authorized herein as Additional Bonds to refund certain maturities of the Series 2009 Bonds (the "*Refunded Bonds*");

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

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

Section 1. RECITALS, AMOUNT AND PURPOSE OF THE BONDS; DEFINITIONS.

(a) The Board of Directors hereby incorporates the recitals set forth in the preamble hereto as if set forth in full at this place and further finds and determines that said recitals are true and correct. In order to obtain funds to pay the costs of refunding certain maturities of the outstanding Refunded Bonds, the Board of Directors hereby authorizes and directs the issuance of revenue bonds of the Issuer, in one or more series, in the aggregate principal amount of not to exceed \$6,560,000.

(b) Definitions. In each place throughout this Bond Resolution wherein the following terms, or any of them, are used, the same, unless the text shall indicate another or different meaning or intent, shall be construed and are intended to have meanings as follows:

(1) "*Additional Bonds*" means the additional parity bonds permitted to be authorized in this Bond Resolution.

(2) "*Authority*" or "*Issuer*" means Trinity River Authority of Texas.

(3) "*Board*" means the Board of Directors of the Issuer, being the governing body of the Issuer and it is further resolved that the declarations and covenants of the Issuer contained in this 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.

(4) "*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 or Additional Bonds.

(5) "*Bond Insurer*" means an entity that insures or guarantees the payment of principal of and interest on any of the Bonds or Additional Bonds.

(6) "*Bond Resolution*" means this resolution adopted by the Board authorizing the issuance of the Bonds.

(7) "*Bonds*" means collectively the initial Bonds as described and defined in Section 2 of this Bond Resolution, and all substitute bonds exchanged therefor and other substitute bonds as provided for in this Bond Resolution.

(8) "*Code*" means the United States Internal Revenue Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto.

(9) "*Contracting Parties*" means the Initial Contracting Parties and any other entity which becomes an Additional Contracting Party and therefore a Contracting Party pursuant to the Initial Contract.

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

(11) "*Credit Facility*" means a Bond Insurance Policy, a surety bond (including any supporting Insurance Agreement), or a letter or line of credit issued in support of any Bonds or Additional Bonds by a Credit Facility Provider at the request of the Issuer.

(12) "*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.

(13) "*Fiscal Year*" shall mean the Authority's fiscal year, which initially shall be the year commencing December 1 of each calendar year and ending on November 30 of the following calendar year, but which subsequently may be any other 12 month period hereafter established by the Issuer as a fiscal year.

(14) "*Fitch*" means Fitch Ratings 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, Fitch shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer.

(15) "*Gross Revenues of the System*" means all of the revenues, income, rentals, rates, fees, and charges of every nature derived by the Issuer from the operation and/or ownership of the System, including specifically all payments and amounts received by the Issuer from Contracts, and any income from the investment of money in any Funds maintained or created by this Bond Resolution, excepting any amounts required to be rebated to the Internal Revenue Service as described in Section 24.

(16) "*Initial Contract*" means the Trinity River Authority of Texas-Red Oak Creek Regional Wastewater System Contract, dated June 1, 1986, among the Issuer and the Initial Contracting Parties.

(17) "*Initial Contracting Parties*" means the Cities of Cedar Hill, De Soto, Glenn Heights, Lancaster, Ovilla, and Red Oak, Texas.

(18) "*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.

(19) "*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.

(20) "*Net Revenues of the System*" means the Gross Revenues of the System less the Operation and Maintenance Expenses of the System.

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

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

(22) "*Parity Bonds*" means collectively (i) the Bonds and (ii) any of the Outstanding Bonds which will be outstanding and payable from the Pledged Revenues after the delivery of the Bonds and any Additional Bonds issued on parity with such bonds.

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

(24) "*Pricing Certificate*" means a certificate or purchase agreement, signed by the General Manager or the Chief Financial Officer, of the Issuer setting forth the terms of sale of the Bonds including the method of sale, principal amount, maturity dates, interest payment dates, dated date, interest rates, yields, redemption provisions and other matters related to the sale of the Bonds.

(25) "*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 or Additional Bonds of such series, the term "Rating Agencies" shall refer to any national rating agency (if any) which provides such rating.

(26) "*Red Oak Creek System*" and "*System*" means all of the Issuer's wastewater reception, transportation, treatment, and disposal facilities, as described and defined in the Contract, serving the Contracting Parties in the area of the watershed or drainage basin of Red Oak Creek (a tributary of the Trinity River) in Dallas and Ellis Counties, Texas, together with all improvements and additions to and extensions, enlargements, and replacements of such facilities. However, said terms do not include any facilities acquired or constructed by the Issuer with the proceeds from the issuance of Special Facilities Bonds.

(27) "*Required Reserve*" means an amount equal to the lesser of (i) the average annual principal and interest requirements on the Bonds or Additional Bonds (taking into account Section 18(e) hereof) or (ii) the amount determined by the Code as of the date of issuance of any hereafter issued Bonds or 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.

(28) "*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.

(29) "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.

(30) "*Special Facilities Bonds*" means 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 which 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.

Section 2. DESIGNATION, DATE, DENOMINATIONS, NUMBERS, MATURITIES AND SALE OF BONDS.

(a) Each Bond issued pursuant to this Bond Resolution shall be designated: "TRINITY RIVER AUTHORITY OF TEXAS RED OAK CREEK SYSTEM REVENUE REFUNDING BOND, SERIES 2020" subject to paragraph (b) of this section. Except as specified in the Pricing Certificate, initially there shall be issued, sold and delivered hereunder fully registered Bonds, without interest coupons, dated the Dated Date, in denomination of any integral \$5,000 in principal amount, with the Bonds being numbered consecutively R-1 upward, except that the initial Bond shall be numbered T-1 and be in the aggregate principal amount of the Bonds, with Bonds issued in replacement thereof being in the respective Principal Amounts and Maturity Amounts as specified in the Pricing Certificate, payable to the respective Registered Owner thereof (with the initial Bonds being made payable to the Purchaser), or to the registered assignee or assignees of said Bonds.

(b) As authorized by Chapter 1207, Texas Government Code, as amended, the General Manager and/or the Chief Financial Officer of the Issuer is hereby designated as the "*Authorized Officer*" of the Issuer, and is hereby authorized, appointed, and designated as the officer or employee of the Issuer authorized to act on behalf of the Issuer in the selling and delivering of the Bonds and carrying out the other procedures specified in this Bond Resolution, including the use of a book-entry-only system with respect to the Bonds and the execution of an appropriate letter of representations if deemed appropriate, the determining and fixing of the date of the Bonds, any additional or different designation or title by which the Bonds shall be known, the price at which the Bonds will be sold, the aggregate principal amount of the Bonds and the amount of each maturity of principal thereof, the due date of each such maturity (not exceeding forty years from the date of the Bonds), the rate of interest to be borne by each such maturity, the interest payment dates and periods, the dates, price and terms upon and at which the Bonds shall be subject to redemption prior to due date or maturity at the option of the Issuer, any mandatory sinking fund redemption provisions, procuring municipal bond insurance, and approving modifications to this Bond Resolution and executing such instruments, documents and agreements as may be necessary with respect thereto, if it is determined that such insurance would be financially desirable and advantageous, modifying the securities that are eligible as Defeasance Securities, and all other matters relating to the issuance, sale and delivery of the Bonds. The Authorized Officer, acting for and on behalf of the Issuer, is authorized to arrange

for the Bonds to be sold at a private placement, negotiated or competitive sale, at such price, in the aggregate principal amount not exceeding the maximum amount set forth in Section 1 hereof, with such maturities of principal, with such interest rates, and with such optional and mandatory sinking fund redemption provisions, if any, and other matters, as shall be set forth in a certification by the Authorized Officer. The Bonds shall not be sold at a price less than 95% of the initial aggregate principal amount thereof plus accrued interest thereon from their date to their delivery, and no Bond shall bear interest at a rate greater than 10% per annum. The Authorized Officer shall determine if the provisions of Rule 15c2-12 of the United States Securities and Exchange Commission relating to continuing disclosure of information shall be required to be complied with and, if required, what disclosure will be required to be complied with by the Issuer.

(c) Sale Parameters. In establishing the aggregate principal amount of the Bonds, the Authorized Officer shall establish an amount within the amount authorized in Section 1 hereof, which amount shall be sufficient to provide for (i) the funding of the Reserve Fund, if any, as hereinafter required, (ii) the payment of the costs of issuance of the Bonds and (iii) the refunding of the maturities of the Refunded Bonds in a manner that will achieve a target present value savings with respect to the Refunded Bonds of at least (A) three percent (3.00%), if the refunding is treated as being an advance refunding pursuant to the Code or (B) two percent (2.00%), if the refunding is treated as being a current refunding pursuant to the Code, with a maximum principal amount of Bonds issued for refunding the Refunded Bonds of \$6,560,000.

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

(e) If the Authorized Officer determines that the Bonds should be sold by a negotiated sale, the Authorized Officer shall designate the senior managing underwriter for the Bonds and such additional investment banking firms as deemed appropriate to assure that the Bonds are sold on the most advantageous terms to the Issuer. The Authorized Officer, acting for and on behalf of the Issuer, is authorized to enter into and carry out the terms of a bond purchase contract for the Bonds to be sold by negotiated sale, with the underwriter(s) thereof at such price, with and subject to such terms as determined by the Authorized Officer subject to the parameters set forth in this Bond Resolution. The Authorized Officer shall cause to be prepared an official statement in such manner as the Authorized Officer deems appropriate.

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

(g) It is hereby found and determined that the refunding of the Refunded Bonds meeting the criteria set forth in this section is advisable and necessary in order to restructure the debt

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

(h) The authority of the Pricing Officer to sell the Bonds as described in this Section of this Resolution shall expire on the one-year anniversary date of the adoption of this Resolution by the Board.

Section 3. CHARACTERISTICS OF THE BONDS.

(a) Registration, Transfer, Conversion and Exchange; Authentication. The Issuer shall keep or cause to be kept at the principal corporate trust office of The Bank of New York Mellon Trust Company, National Association, Dallas, Texas or other entity designated in the Pricing Certificate (the "*Paying Agent/Registrar*") books or records for the registration of the transfer, conversion and exchange of the Bonds (the "*Registration Books*"), and the Issuer hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such registrations of transfers, conversions and exchanges under such reasonable regulations as the Issuer and Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such registrations, transfers, conversions and exchanges as herein provided. The Paying Agent/Registrar shall obtain and record in the Registration Books the address of the registered owner of each Bond to which payments with respect to the Bonds shall be mailed, as herein provided; but it shall be the duty of each registered owner to notify the Paying Agent/Registrar in writing of the address to which payments shall be mailed, and such interest payments shall not be mailed unless such notice has been given. The Issuer shall have the right to inspect the Registration Books during regular business hours of the Paying Agent/Registrar, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity. The Issuer shall pay the Paying Agent/Registrar's standard or customary fees and charges for making such registration, transfer, conversion, exchange and delivery of a substitute Bond or Bonds. Registration of assignments, transfers, conversions and exchanges of Bonds shall be made in the manner provided and with the effect stated in the FORM OF BOND set forth in this

Bond Resolution. Each substitute Bond shall bear a letter and/or number to distinguish it from each other Bond.

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

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

(c) In General. The Bonds (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on such Bonds to be payable only to the registered owners thereof, (ii) may or shall be redeemed prior to their scheduled maturities (notice of which shall be given to the Paying Agent/Registrar by the Issuer at least 50 days prior to any such redemption date), (iii) transferred and assigned, (iv) may be converted and exchanged for other Bonds, (v) shall have the characteristics, (vi) shall be signed, sealed, executed and authenticated, (vii) the principal of and interest on the Bonds shall be payable, and (viii) shall be administered and the Paying Agent/Registrar and the Issuer shall have certain duties and responsibilities with respect to the Bonds, all as provided, and in the manner and to the effect as required or indicated, in the FORM OF BOND set forth in this Bond Resolution. The Bonds initially issued and delivered pursuant to this Bond Resolution are not required to be, and shall not be, authenticated

by the Paying Agent/Registrar, but on each substitute Bond issued in conversion of and exchange for any Bond or Bonds issued under this Bond Resolution the Paying Agent/Registrar shall execute the PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE, in the form set forth in the FORM OF BOND.

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

(e) Notice of Redemption.

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

(ii) Each notice of redemption given by the Paying Agent/Registrar, whether required in the FORM OF BOND or in this Section, shall contain a description of the Bonds to be redeemed including the complete name of the Bonds, the Series, the date of

issue, the interest rate, the maturity date, the CUSIP number, the certificate numbers, the amounts called of each certificate, the publications and mailing date for the notice, the date of redemption, the redemption price, the name of the Paying Agent/Registrar and the address at which the Bonds may be redeemed, including a contact person and telephone number.

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

Section 4. BOOK-ENTRY ONLY SYSTEM.

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

(b) With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the Issuer and the Paying Agent/Registrar shall have no responsibility or obligation to any securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created ("DTC Participant") to hold securities to facilitate the clearance and settlement of securities transactions among DTC Participants or to any person on behalf of whom such a DTC Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the Issuer and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other person, other than a registered owner of Bonds, as shown on the Registration Books, of any notice with respect to the Bonds, or (iii) the payment to any DTC Participant or any other person, other than a registered owner of Bonds, as shown in the Registration Books of any amount with respect to principal of or interest on the Bonds. Notwithstanding any other provision of this Bond Resolution to the contrary, the Issuer and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Bond is registered in the Registration Books as the absolute owner of such Bond for the purpose of payment of principal and interest with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of and interest on the Bonds only to or upon the order of the registered owners, as shown in the Registration Books as provided in this Bond Resolution, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Issuer's obligations with respect to payment of principal of and interest on the Bonds to the extent of the sum or sums so paid. No person other than a registered owner, as shown in the Registration Books, shall receive a Bond certificate evidencing the obligation of the Issuer to make payments of principal and interest pursuant to this Bond Resolution. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and

subject to the provisions in this Bond Resolution with respect to interest checks being mailed to the registered owner at the close of business on the Record date, the words "*Cede & Co.*" in this Bond Resolution shall refer to such new nominee of DTC.

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

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

Section 5. FORM OF BONDS. The form of the Bonds, including the form of Paying Agent/Registrar's Authentication Certificate, the form of Assignment and the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas to be attached to the Bonds initially issued and delivered pursuant to this Resolution, shall be, substantially in the form provided in Exhibit A, with such appropriate variations, omissions, or insertions as are permitted or required by this Bond Resolution. The Form of Bond as it appears in Exhibit A shall be completed, amended and modified by Bond Counsel to incorporate the information set forth in the Pricing Certificate but it is not required for the Form of Bond to be reproduced as an exhibit to the Pricing Certificate.

Section 6. PLEDGE. The Parity Bonds and any Additional Bonds, and the interest thereon, are and shall be secured equally and ratably on a parity by and payable from a first lien on and pledge of the Pledged Revenues, and the Pledged Revenues are further pledged to the establishment and maintenance of the Interest and Redemption Fund, the Reserve Fund, and the Contingency Fund as provided in this Bond Resolution.

Section 7. REVENUE FUND. There has heretofore 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 Red Oak Creek System Revenue Bonds Revenue Fund*" (hereinafter called the "*Revenue Fund*"). All Gross Revenues of the System (excepting investment income from any Fund other than the Revenue

Fund) shall be credited to the Revenue Fund promptly after they become available. All Operation and Maintenance Expenses of the System shall be paid from the Gross Revenues of the System, as a first charge against same.

Section 8. INTEREST AND REDEMPTION FUND. For the sole purpose of paying the principal of and interest on all Parity Bonds and any Additional Bonds, as the same come due, there has heretofore been created and established a separate fund to be maintained on the books of the Authority, and held at a Depository, entitled the "*Trinity River Authority of Texas Red Oak Creek System Revenue Bonds Interest and Redemption Fund*" (hereinafter called the "*Interest and Redemption Fund*").

Section 9. RESERVE FUND. There has been created and established a separate fund to be maintained on the books of the Authority, and held at a Depository, entitled the "*Trinity River Authority of Texas Red Oak Creek System Revenue Bonds Reserve Fund*" (hereinafter called the "*Reserve Fund*"). Except for those Additional Bonds described in Section 18(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.

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

Section 11. DEPOSITS OF PLEDGED REVENUES; INVESTMENTS.

(a) The Pledged Revenues shall be deposited into the Interest and Redemption Fund, the Reserve Fund, and the Contingency Fund when and as required by this Bond Resolution.

(b) Money in any Fund maintained pursuant to this Bond Resolution may, at the option of the Issuer, be invested as permitted by the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended, the Public Funds Collateral Act, Chapter 2257, Texas Government Code, as amended, and the investment policy of the Issuer. Such deposits and investments shall be made consistent with the estimated requirements of such Funds, and any obligation in which money is so invested shall be kept and held for the benefit of the owners of the Parity Bonds and Additional Bonds, and shall be promptly sold and the proceeds of sale applied to the making of all payments required to be made from the Fund from which the investment was made. All earnings from the deposit or investment of any such Fund shall be

credited to such Fund. All investment earnings on deposit 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.

(c) Notwithstanding the foregoing provisions of this Section and of Sections 14 and 15, all investment income, if any, required by the Code to be rebated by the Issuer to the Internal Revenue Service in order to prevent the Bonds from being or becoming taxable "arbitrage bonds" under the Code shall be withdrawn from each Fund created by this Bond Resolution and so rebated to the extent so required.

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

Section 13. DEBT SERVICE REQUIREMENTS.

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

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

Section 14. RESERVE FUND.

(a) Initially, the Required Reserve shall be funded, to the extent necessary, by a deposit of bond proceeds. 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 Contract 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 Contract 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 18(e) applies).

(b) Except for Additional Bonds to which Section 18(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 or Additional Bonds, in the manner and to the extent provided herein. However, each resolution pursuant to which additional Bonds or Additional Bonds are issued (except for Additional Bonds to which Section 18(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 or 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 or Additional Bonds.

(d) Notwithstanding any other provisions of this Bond Resolution, 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 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 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, or letter of credit 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 two 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 two 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 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 falls below "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 or Fitch or 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 rating of the claims paying ability of the issuer of the surety bond or insurance policy is no longer rated at least in the "AA" category by S&P or Fitch or the "Aa" category by Moody's, or a higher category, or (b) the rating of the issuer of the letter of credit falls below the "AA" category by S&P or Fitch or the "Aa" category by Moody's, or (c) the issuer of the Reserve Fund Obligation defaults in its payment obligations hereunder, or (d) 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 within twelve months of such occurrence, 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.

Section 15. CONTINGENCY REQUIREMENTS. There is currently on deposit in the Contingency Fund the sum of at least \$25,000. No additional deposits are required to be made to the credit of the Contingency Fund unless and until such amount therein is reduced or depleted or unless the Issuer, upon the advice and recommendation of an independent engineer or firm of engineers, determines it necessary to increase such amount in order adequately to provide for contingencies related to the System, or unless the Issuer provides for an increase in such amount in any resolution authorizing Additional Bonds. If and when such amount in the Contingency Fund is reduced or depleted, or an increase in such amount has been provided for, then, subject and subordinate to making the required deposits to the credit of the Interest and Redemption Fund and the Reserve Fund, such reduction or depletion shall be restored, and/or such amount shall be increased, to the extent not otherwise funded, from amounts which shall be provided for such purpose in the Issuer's Annual Budget for the next ensuing Fiscal Year or Fiscal Years; provided that the Issuer is not required to budget more than one third of the amount to be accumulated for such purpose during any one Fiscal Year. So long as the Contingency Fund contains money and investments not less than the amount specified above (or the amount to which the Contingency Fund may be increased as aforesaid) in market value, any surplus in the Contingency Fund over said amount shall promptly after October 1 of each year, be deposited to the credit of the Interest and Redemption Fund.

Section 16. DEFICIENCIES; EXCESS PLEDGED REVENUES.

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

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

Section 17. PAYMENT OF PARITY BONDS AND ADDITIONAL BONDS. On or before the first interest payment date on the Bonds, and semiannually on or before each interest payment date thereafter while any of the Parity Bonds or Additional Bonds are outstanding and unpaid, the Issuer shall make available to the Paying Agent/Registrar, out of the Interest and Redemption Fund, or the Reserve Fund or the Contingency Fund, if necessary, money sufficient to pay such interest on and such principal of the Parity Bonds and Additional Bonds as will accrue or mature on each interest payment date.

Section 18. ADDITIONAL BONDS.

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

(b) The Interest and Redemption Fund, the Reserve Fund, and the Contingency Fund established pursuant to this Bond Resolution shall secure and be used to pay all Additional Bonds as well as the Parity Bonds and Bonds, all on a parity. However, each resolution under which Additional Bonds are issued shall provide and require that, in addition to the amounts required by the provisions of this Bond Resolution and the provisions of each resolution authorizing Additional Bonds to be deposited to the credit of the Interest and Redemption Fund, the Issuer shall deposit to the credit of the Interest and Redemption Fund at least such amounts as are required for the payment of all principal of and interest on said Additional Bonds then being issued, as the same come due; and that the aggregate amount to be accumulated and maintained in the Reserve Fund shall be increased (if and to the extent necessary) to an amount not less than the average annual principal and interest requirements of all Parity Bonds and Additional Bonds which will be outstanding after the issuance and delivery of the then proposed Additional Bonds; and that the required additional amount shall be so accumulated by the deposit in the Reserve Fund of all or any part of said required additional amount 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 this Bond Resolution, principal amounts of any Parity Bonds or Additional Bonds or portions thereof which are required to be prepaid or redeemed on any date prior to scheduled due date or maturity pursuant to any mandatory redemption requirements shall be deemed to be due and maturing amounts of principal on the date required to be prepaid or redeemed.

(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.

Section 19. FURTHER REQUIREMENTS FOR ADDITIONAL BONDS. Additional Bonds shall be issued only in accordance with the provisions hereof, but notwithstanding any provisions hereof to the contrary, no installment, series, or issue of Additional Bonds shall be issued or delivered unless the President and the Secretary of the Board of Directors of the Issuer sign a written certificate to the effect that the Issuer is not in default as to any covenant, condition, or obligation in connection with all outstanding Parity Bonds and Additional Bonds, and the resolutions authorizing the same, that the Interest and Redemption Fund and the Reserve Fund each contains the amount then required to be therein, and that either (1) based on a report of an independent engineer or firm of engineers, the Pledged Revenues, in each Fiscal Year thereafter, commencing with the third complete Fiscal Year following the date of such report, are estimated to be at least equal to 1.25 times the average annual principal and interest requirements of all Parity Bonds and Additional Bonds to be outstanding after the delivery of the then proposed Additional Bonds, or (2) based upon an opinion of legal counsel to the Issuer, there are Contracts then in effect pursuant to which the Contracting Parties and others, if any, which are parties to such Contracts are obligated to make payments to the Issuer during each Fiscal Year (including during periods when services of the System may not be available to such Contracting Parties and others) in such amounts as shall be necessary to provide to the Issuer Pledged Revenues sufficient to pay when due all principal of and interest on all Parity Bonds and Additional Bonds to be outstanding after the issuance of the proposed Additional Bonds, and to make the deposits into the Reserve Fund as required under this Bond Resolution.

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

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

(b) Issuer's Legal Authority. It is a duly created and existing conservation and reclamation district of the State of Texas pursuant to Article 16, Section 59, of the Texas Constitution, and Chapter 518, Acts of the 54th Legislature, Regular Session, 1955, as amended, and is duly authorized under the laws of the State of Texas to create and issue the Bonds; that all

action on its part of the creation and issuance of the Bonds has been duly and effectively taken, and that the Bonds in the hands of the owners thereof are and will be valid and enforceable special obligations of the Issuer in accordance with their terms.

(c) Title. It has or will obtain lawful title to, or the lawful right to use and operate, the lands, buildings, and facilities constituting the System and will use its best efforts to acquire and construct the System as provided in the Contracts, that it warrants that it will defend the title to or lawful right to use and operate, all of the aforesaid lands, buildings, and facilities, and every part thereof, for the benefit of the owners of the Parity Bonds and Additional Bonds against the claims and demands of all persons whomsoever, that it is lawfully qualified to pledge the Pledged Revenues to the payment of the Parity Bonds and Additional Bonds in the manner prescribed herein, and has lawfully exercised such rights.

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

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

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

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

that such property, machinery, fixtures, or equipment are not needed for System purposes, or if the Issuer has made arrangements to replace the same or provide substitutes therefor.

(h) Insurance.

(1) That it will carry fire, casualty, public liability, and other insurance, including self-insurance on the System for purposes and in amounts which ordinarily would be carried by a privately owned utility company owning and operating such facilities, except that the Issuer shall not be required to carry liability insurance except to insure itself against risk of loss due to claims for which it can, in the opinion of the Issuer's legal counsel, be liable under the Texas Tort Claims Act or any similar law or judicial decision. Such insurance will provide, to the extent feasible and practical, for the restoration of damaged or destroyed properties and equipment to minimize the interruption of the services of such facilities. All such policies shall be open to the inspection of the owners of the Bonds and their representatives and any Bond Insurer of record at all reasonable times.

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

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

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

(c) to the extent that the foregoing clauses (a) and (b) cannot be complied with at the time, the insurance proceeds, or the remainder thereof, shall be deposited in a special and separate trust fund, at an official depository of the Issuer, to be designated the Insurance Account. The Insurance Account shall be

held until such time as the foregoing clauses (a) and/or (b) can be complied with, or until other funds become available which, together with the Insurance Account, will be sufficient to make the repairs or replacements originally required, whichever of said events occurs first.

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

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

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

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

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

(n) Annual Budget. The Issuer shall prepare and adopt an Annual Budget for the System for each Fiscal Year as required by the Contracts, and shall, promptly after its adoption, mail a copy thereof to each Bond Insurer of record.

Section 21. AMENDMENT OF BOND RESOLUTION.

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

(1) Make any change in the maturity of the outstanding Parity Bonds or Additional Bonds;

(2) Reduce the rate of interest borne by any of the outstanding Parity Bonds or Additional Bonds;

(3) Reduce the amount of the principal payable on the outstanding Parity Bonds or Additional Bonds;

(4) Modify the terms of payment of principal of or interest on the outstanding Parity Bonds or Additional Bonds, or impose any conditions with respect to such payment;

(5) Affect the rights of the owners of less than all of the Parity Bonds and Additional Bonds then outstanding; or

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

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

(c) Whenever at any time not less than thirty days, and within one year, from the date of the first publication of said notice or other service of written notice the Issuer shall receive an instrument or instruments executed by the owners of at least a majority in aggregate principal amount of all Parity Bonds and Additional Bonds then outstanding, which instrument or

instruments shall refer to the proposed amendment described in said notice and which specifically consent to and approve such amendment in substantially the form of the copy thereof on file as aforesaid, the Issuer may adopt the amendatory resolution in substantially the same form.

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

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

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

(g) Notwithstanding the foregoing provisions of this Section 21, if there has been filed with the Paying Agent/Registrar a Bond Insurance Policy, or a certified copy thereof, with respect to any Parity Bond or Additional Bond, no consent by the registered owner of such Parity Bond or Additional Bond to the execution of any amendment or other modification of this Bond Resolution shall be effective unless the Bond Insurer consents in writing to the execution of such amendment or other modification. The Issuer further covenants that it will furnish to each Bond Insurer of record a transcript of the pertinent proceedings relating to each amendment or other modification of this Bond Resolution.

Section 22. DEFEASANCE OF BONDS.

(a) Any Bond and the interest thereon shall be deemed to be paid, retired, and no longer outstanding (a "Defeased Bond") within the meaning of this Bond Resolution, except to the extent provided in subsection (d) of this Section, when payment of the principal of such Bond, plus interest thereon to the due date (whether such due date be by reason of maturity or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar in accordance with an escrow agreement

or other instrument (the "Future Escrow Agreement") for such payment (1) lawful money of the United States of America sufficient to make such payment or (2) Defeasance Securities that mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to provide for such payment, and when proper arrangements have been made by the Issuer with the Paying Agent/Registrar for the payment of its services until all Defeased Bonds shall have become due and payable. At such time as a Bond shall be deemed to be a Defeased Bond hereunder, as aforesaid, such Bond and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the Net Revenues of the System as provided in this Bond Resolution, and such principal and interest shall be payable solely from such money or Defeasance Securities. Notwithstanding any other provision of this Bond Resolution to the contrary, it is hereby provided that any determination not to redeem Defeased Bonds that is made in conjunction with the payment arrangements specified in subsection 22(a)(i) or (ii) shall not be irrevocable, provided that: (1) in the proceedings providing for such payment arrangements, the Issuer expressly reserves the right to call the Defeased Bonds for redemption; (2) gives notice of the reservation of that right to the owners of the Defeased Bonds immediately following the making of the payment arrangements; and (3) directs that notice of the reservation be included in any redemption notices that it authorizes.

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

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

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

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

Section 23. DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED BONDS.

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

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

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

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

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

Section 24. COVENANTS REGARDING TAX-EXEMPTION.

(a) General Tax Covenants Regarding Tax Exemption of Interest on the Bonds. The Issuer covenants to take any action necessary to assure, or refrain from any action which would

adversely affect, the treatment of the Bonds as obligations described in section 103 of the Code, the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation. In furtherance thereof, the Issuer covenants as follows:

(i) to take any action to assure that no more than 10 percent of the proceeds of the Bonds (less amounts deposited to a reserve fund, if any) are used for any "private business use," as defined in section 141(b)(6) of the Code or, if more than 10 percent of the proceeds are so used, that amounts, whether or not received by the Issuer, with respect to such private business use, do not, under the terms of this Bond Resolution or any underlying arrangement, directly or indirectly, secure or provide for the payment of more than 10 percent of the debt service on the Bonds, in contravention of section 141(b)(2) of the Code;

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

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

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

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

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

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

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

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

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

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

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

The Issuer understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations and, in the case of refunding bonds, transferred proceeds (if any) and proceeds of the refunded bonds expended prior to the date of issuance of the Bonds. It is the understanding of the Issuer that the covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto. In the event that regulations or rulings are hereafter promulgated which modify or expand provisions of the Code, as applicable to the Bonds, the Issuer will not be required to comply with any covenant contained herein to the extent that such modification or expansion, in the opinion of nationally recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated which impose additional requirements which are applicable to the Bonds, the Issuer agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally recognized bond counsel, to preserve the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In furtherance of such intention, the Issuer hereby authorizes and directs the General Manager of the Issuer to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of the Issuer, which may be permitted by the Code as are consistent with the purpose for the issuance of the Bonds. This Bond Resolution is intended to satisfy the official intent requirements set forth in section 1.150-2 of the Treasury Regulations.

(b) Interest Earnings on Bond Proceeds. Interest earnings derived from the investment of proceeds from the sale of the Bonds shall be used along with other bond proceeds for the purpose for which the Bonds are issued, as set forth in Section 1 hereof; provided that after completion of such purpose, if any of such interest earnings remain on hand, such interest earnings shall be deposited in the Interest and Redemption Fund. It is further provided, however, that any interest earnings on bond proceeds which are required to be rebated to the United States

of America pursuant to Section 24(a) hereof in order to prevent the Bonds from being arbitrage bonds shall be so rebated and not considered as interest earnings for the purposes of this Section.

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

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

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

Section 27. CONTINUING DISCLOSURE OF INFORMATION.

(a) As used in this Article, the following terms have the meanings ascribed to such terms below:

"Financial Obligation" means a: (a) debt obligation; (b) 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 the foregoing (a) and (b). The term Financial Obligation does not include any municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"MSRB" means the Municipal Securities Rulemaking Board.

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

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

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

(c) Annual Reports. The Authority will provide its audited financial statements with the MSRB through its EMMA system within six months after the end of the Authority's fiscal year. 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 may be required to employ from time to time pursuant to State law or regulation.

The Authority's fiscal year end is November 30. Accordingly, the Authority must provide updated information by May 31 in each year beginning with the fiscal year ending in 2020. If the Authority changes its fiscal year, the Authority will notify the MSRB of the change (and of the date of the new fiscal year end) prior to the next date by which the Authority otherwise would be required to provide financial statements pursuant to this Section.

(d) The Issuer shall notify the MSRB, in a timely manner not in excess of ten business days after the occurrence of the event, of any of the following events with respect to the Bonds:

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 Issuer;
13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
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 Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect Bondholders, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

As used in clause 12 above, the phrase "bankruptcy, insolvency, receivership or similar event" means the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court of governmental authority has assumed jurisdiction over substantially all of the

assets or business of the Issuer, or if jurisdiction has been assumed by leaving the Board and officials or officers of the Issuer in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

(e) The Issuer shall notify the MSRB, in a timely manner, of any failure by the Issuer to provide information in accordance with subsections (c) and (d) of this Section by the time required by such subsection.

(f) The financial statements to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document that is available to the public on the MSRB's internet website or filed with the SEC. All financial statements and notices required to be provided to the MSRB shall be provided in an electronic format and be accompanied by identifying information prescribed by the MSRB.

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

Section 29. REPEAL OF CONFLICTING RESOLUTIONS. All resolutions and all parts of any resolutions which are in conflict or inconsistent with this Bond Resolution are hereby repealed and shall be of no further force or effect to the extent of such conflict or inconsistency.

EXHIBIT A

FORM OF BOND

The form of the Bond, including the form of Paying Agent/Registrar's Authentication Certificate, the form of Assignment and the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas to be attached only to the Bonds initially issued and delivered pursuant to this Resolution, shall be, respectively, substantially as follows, with such appropriate variations, omissions, or insertions as are permitted or required by this Resolution and with the Bonds to be completed with information set forth in the Pricing Certificate. The Form of Bond as it appears in this Exhibit A shall be completed, amended and modified by Bond Counsel to incorporate the information set forth in the Pricing Certificate but it is not required for the Form of Bond to be reproduced as an exhibit to the Pricing Certificate.

NO. T-1

UNITED STATES OF AMERICA
STATE OF TEXAS

PRINCIPAL
AMOUNT
\$6,510,000

TRINITY RIVER AUTHORITY OF TEXAS
RED OAK CREEK SYSTEM REVENUE REFUNDING BONDS,
SERIES 2020

INTEREST RATE	DELIVERY DATE	MATURITY DATE
1.850%	March 30, 2020	February 1, 2031

REGISTERED OWNER: DNT ASSET TRUST

PRINCIPAL AMOUNT: SIX MILLION FIVE HUNDRED TEN THOUSAND DOLLARS

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

Maturity Date	Principal Amount	Interest Rate
02/01/2021	\$305,000	1.850%
02/01/2022	\$310,000	1.850%
02/01/2023	\$310,000	1.850%
02/01/2024	\$315,000	1.850%
02/01/2025	\$320,000	1.850%
02/01/2026	\$330,000	1.850%
02/01/2027	\$335,000	1.850%
02/01/2028	\$340,000	1.850%
02/01/2029	\$1,290,000	1.850%

02/01/2030	\$1,315,000	1.850%
02/01/2031	\$1,340,000	1.850%

The Issuer promises to pay interest on the unpaid principal amount hereof (calculated on the basis of a 360-day year of twelve 30-day months) from the Delivery Date at the respective Interest Rate per annum specified above. Interest is payable on August 1, 2020 and on each February 1 and August 1 thereafter to the date of payment of the Principal Amounts specified above, or the date of redemption prior to maturity; except, that if this Bond is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such principal amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Bond or Bonds, if any, for which this Bond is being exchanged is due but has not been paid, then this Bond shall bear interest from the date to which such interest has been paid in full.

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

ANY ACCRUED INTEREST due at maturity or upon the redemption of this Bond prior to maturity as provided herein shall be paid to the registered owner upon presentation and surrender of this Bond for redemption and payment at the principal corporate trust office of the

Paying Agent/Registrar. The Issuer covenants with the registered owner of this Bond that on or before each principal payment date, interest payment date, and accrued interest payment date for this Bond it will make available to the Paying Agent/Registrar, from the "Interest and Redemption Fund" created by the Bond Resolution, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Bonds, when due.

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

THIS BOND is one of a Series of Bonds dated March 1, 2020 authorized in accordance with the Constitution and laws of the State of Texas in the principal amount of \$6,510,000, in order to (i) refund certain maturities of the Issuer's outstanding Refunded Bonds and (ii) pay costs of the issuance of the Bonds.

THE BONDS OF THIS SERIES ARE NOT SUBJECT TO REDEMPTION PRIOR TO THEIR SCHEDULED MATURITIES.

ALL BONDS OF THIS SERIES are issuable solely as fully registered Bonds, without interest coupons, in the denomination of any integral multiple of \$5,000. As provided in the Bond Resolution, this Bond may, at the request of the registered owner or the assignee or assignees hereof, be assigned, transferred, converted into and exchanged for a like aggregate principal amount of fully registered Bonds, without interest coupons, payable to the appropriate registered owner, assignee or assignees, as the case may be, having the same denomination or denominations in any integral multiple of \$5,000 as requested in writing by the appropriate registered owner, assignee or assignees, as the case may be, upon surrender of this Bond to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Bond Resolution. Among other requirements for such assignment and transfer, this Bond must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Bond or any portion or portions hereof in any integral multiple of \$5,000 to the assignee or assignees in whose name or names this Bond or any such portion or portions hereof is or are to be registered. The form of Assignment printed or endorsed on this Bond may be executed by the registered owner to evidence the assignment hereof, but such method is not exclusive, and other instruments of assignment satisfactory to the Paying Agent/Registrar may be used to evidence the assignment of this Bond or any portion or portions hereof from time to time by the registered owner. The Paying Agent/Registrar's reasonable standard or customary fees and charges for assigning, transferring, converting and exchanging any Bond or portion thereof will be paid by the Issuer. In any circumstance, any taxes or governmental charges required to be paid with respect thereto shall be paid by the one requesting such assignment, transfer, conversion or exchange, as a condition precedent to the exercise of such privilege. The Paying Agent/Registrar shall not be required to make any such

transfer, conversion or exchange during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date.

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

IT IS HEREBY certified, recited, and covenanted that this Bond has been duly and validly authorized, issued, sold, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this Bond have been performed, existed, and been done in accordance with law; that this Bond is a special obligation of the Issuer which, together with other outstanding parity bonds, is secured by and payable from a first lien on and pledge of the "*Pledged Revenues*," as defined in the Bond Resolution, which include the "*Net Revenues of the System*", as defined in the Bond Resolution, and include payments and amounts received by the Issuer pursuant to the "*Trinity River Authority of Texas-Red Oak Creek Regional Wastewater System Contract*" dated as of June 1, 1986, among the Issuer and the Cities of Cedar Hill, De Soto, Glenn Heights, Lancaster, Ovilla, and Red Oak, Texas.

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

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

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

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

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

(signature)
Secretary, Board of Directors
Trinity River Authority of Texas

(signature)
President, Board of Directors
Trinity River Authority of Texas

(SEAL)

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

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

Dated: _____.

The Bank of New York Mellon Trust Company, N.A.
Dallas, Texas
Paying Agent/Registrar

By: _____
Authorized Representative

ASSIGNMENT

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

Please insert Social Security or Taxpayer Identification Number of Transferee

Please print or type name and address, including zip code of Transferee

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

Dated: _____.

Signature Guaranteed:

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

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

COMPTROLLER'S REGISTRATION CERTIFICATE:

REGISTER NO. _____

I hereby certify that there is on file and of record in my office a true and correct copy of the opinion of the Attorney General of the State of Texas approving this Bond and that this Bond has been registered this day by me.

Witness my signature and seal this _____.

Comptroller of Public Accounts of
the State of Texas

(COMPTROLLER'S SEAL)

DIRECT BOND PURCHASE AGREEMENT

February 26, 2020

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

Re: \$6,510,000 TRINITY RIVER AUTHORITY OF TEXAS RED OAK CREEK
SYSTEM REVENUE REFUNDING BOND, SERIES 2020

Ladies and Gentlemen:

DNT Asset Trust and its successors or assigns as restricted herein (the "Purchaser") hereby offers to purchase from the Trinity River Authority (the "Authority") its Red Oak Creek System Revenue Refunding Bond, Series 2020 (the "Bond"), and, upon acceptance of this offer by the Authority, such offer will become a binding agreement between the Purchaser and the Authority. This offer must be accepted by 10:00 am, Dallas Texas time, February 27, 2020, and if not so accepted will be subject to withdrawal. Capitalized terms not otherwise defined herein shall have the meanings assigned such terms in the Resolution (defined below).

1. Purchase Price: \$6,510,000 (par "all or none")

2. Terms of Bond: The Bond shall be dated March 1, 2020 and consist of one term bond in the principal amount of \$6,510,000 maturing on February 1, 2031, bearing interest from the date of initial delivery of the Bond to the Purchaser at an interest rate of 1.850% per annum, calculated on the basis of a 360-day year consisting of twelve 30-day months, with interest, subject to adjustment as set forth in Section 10 below, being payable on August 1, 2020, and semiannually on each February 1 and August 1 thereafter, and with mandatory sinking fund redemption payments as set forth on Schedule I hereto. The Bond is not subject to optional redemption prior to scheduled maturity. The Bond shall have such other terms and conditions as are set forth in Resolution No. R-1538 authorizing the issuance of the Bond adopted by the Board of Directors of the Authority on February 26, 2020 (the "Resolution"). The Purchaser acknowledges receipt prior to the date hereof of a draft of the Resolution. The Bond shall be secured by and payable from a first lien on and pledge of the Pledged Revenues as defined in the Resolution. The Bond will not be designated as a "qualified tax exempt obligation" as provided in Section 265(b)(3) of the Internal Revenue Code.

3. Closing: At the Closing (defined below) the Authority shall deliver and the Purchaser shall purchase the Bond for the par amount of the Bond. Upon payment of the purchase price therefor, the Authority shall deliver the Bond to the Purchaser. Payment of the purchase price and delivery of the Bond shall occur at 10:00 a.m. Dallas Texas time on March 30, 2020 (the "Closing" and the "Closing Date," as applicable). The Closing shall take place at the offices of McCall, Parkhurst & Horton L.L.P., or such other location as may be mutually agreed upon.

4. Conditions to Closing: The Purchaser shall not have any obligation to consummate the purchase of the Bond unless the following requirements have been satisfied prior to Closing:

- (a) The Authority shall have adopted the Resolution authorizing the issuance of the Bond.
- (b) The Purchaser shall have received a certified copy of the Resolution.
- (c) The Purchaser shall have received a certificate executed by the General Manager that no litigation of any nature has been filed or, to the best of his knowledge, threatened, pertaining to, affecting or contesting: (a) the issuance, delivery, payment, security or validity of the Bond; (b) the ability of the Authority or the authority of the officers of the Authority to issue, execute and deliver the Bond; or (c) the validity of the corporate existence of the Authority.
- (d) McCall, Parkhurst & Horton L.L.P., Bond Counsel to the Authority, shall have issued its approving legal opinion as to the due authorization, issuance and delivery of the Bond and as to the exemption of the interest thereon from federal income taxation.
- (e) The Attorney General of the State of Texas shall have issued its approving legal opinion to the effect that the Bond has been lawfully issued by the Authority and is a valid and binding obligation of the Authority under the applicable laws of the State of Texas.
- (f) Nothing shall have occurred prior to the Closing which, in the reasonable opinion of the Purchaser, has had or could reasonably be expected to have a materially adverse effect on the Authority's business, property or financial condition.
- (g) The Authority shall pay all fees, costs and expenses incurred in connection with the issuance, sale and delivery of the Bond, including without limitation the fees and expenses of Purchaser's Counsel not to exceed \$8,000.00.

5. Nature of Purchase: The Purchaser acknowledges that no official statement or other disclosure or offering document has been prepared in connection with the issuance and sale of the Bond. The Purchaser is a Qualified Institutional Buyer (as defined in Rule 144A under the Securities Act of 1933, as amended) and an "accredited investor" under SEC Rule 501, Regulation D, accustomed to purchasing tax-exempt obligations such as the Bond. McCall, Parkhurst & Horton L.L.P., Bond Counsel, has not undertaken steps to ascertain the accuracy or completeness of information furnished to the Purchaser with respect to the Authority or the Bond, and the Purchaser has not looked to Bond Counsel for, nor has Bond Counsel made, any representations to the Purchaser with respect to that information. The Purchaser has satisfied itself that it may lawfully purchase the Bond.

The Bond (i) is not being registered under the Securities Act of 1933 and is not being registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any state; (ii) will not be listed on any stock or other securities exchange; (iii) will not carry any rating

from any rating service and (iv) will not be assigned a number by the Committee on Uniform Security Identification Procedures. The Purchaser is familiar with the financial condition and affairs of the Authority, particularly with respect to its ability to pay its obligations secured in like manner as the Bond.

The Purchaser has had the opportunity to obtain information from the Authority regarding the financial condition of the Authority, and has received from the Authority all information that it has requested in order for it to assess and evaluate the security and source of payment for the Bond. The Purchaser is purchasing the Bond for its own account or for that of an affiliate as evidence of a loan to the Authority, and has no intention to make a public distribution or sale of the Bond. Except for a transfer to an affiliate of the Purchaser, in no event will the Purchaser (or such affiliate) sell the Bond, other than through loan participations to a purchaser which is a Qualified Institutional Buyer (as defined in Rule 144A under the Securities Act of 1933, as amended).

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

6. Financial Information: In consideration of the purchase of the Bond by the Purchaser, within six months of the end of each such fiscal year, commencing with the fiscal year ending November 30, 2020, the Authority shall deliver its comprehensive annual financial report ("CAFR") for such fiscal year by email to mike.m.wilson@jpmorgan.com; provided, however, if the CAFR is not available within the time period specified above, the Authority shall provide unaudited financial information pending the delivery of the CAFR of the nature described in the Resolution. The Authority further agrees to provide Purchaser, upon request, additional information as reasonably requested by the Purchaser. The Purchaser agrees to provide the Authority with notice promptly upon determining a new or additional email address for distribution of the financial information specified above.

7. Representative: JPMorgan Chase Bank, N.A., its successors or assigns, or any other entity subsequently appointed by the majority of the registered owners of the Bond (each of the foregoing, an "Owner Representation"), shall act as the representative on behalf of the registered owners of the Bond and shall be the party which provides consent, direct remedies

and takes all actions on behalf of the registered owners of the Bond under this Purchase Agreement, the Resolution, the Bond or any combination of the foregoing.

8. No Oral Agreements: To the extent allowed by law, the parties hereto agree to be bound by the terms of the following notice: THIS PURCHASE AGREEMENT, THE RESOLUTION, THE OPINION OF BOND COUNSEL AND THE BOND TOGETHER REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES REGARDING THIS TRANSACTION AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES RELATING TO THIS TRANSACTION.

9. Waiver of Jury Trial: TO THE EXTENT ALLOWED BY LAW, EACH PARTY HERETO HEREBY WAIVES, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS PURCHASE AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS PURCHASE AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

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

11. Miscellaneous:

(a) The Purchaser represents and warrants, for purposes of Chapter 2271 of the Texas Government Code, that at the time of execution and delivery of this agreement, none of the Purchaser, or any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of the Purchaser, boycotts Israel. The Purchaser agrees that, except to the extent otherwise required by applicable federal law, including, without limitation, 50 U.S.C. Section 4607, neither the Purchaser, nor any wholly-owned subsidiary, majority-owned subsidiary, parent company, or affiliate of the Purchaser, will boycott Israel during the term of this

agreement. The terms "boycotts Israel" and "boycott Israel" as used in this subsection (a) has the meaning assigned to the term "boycott Israel" in Section 808.001 of the Texas Government Code.

(b) The Purchaser represents and warrants, for purposes of Subchapter F of Chapter 2252 of the Texas Government Code, that at the time of execution and delivery of this agreement neither the Purchaser, nor any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of the Purchaser, (i) engages in business with Iran, Sudan or any foreign terrorist organization as described in Chapters 806 or 807 of the Texas Government Code, or Subchapter F of Chapter 2252 of the Texas Government Code, or (ii) is a company listed by the Texas Comptroller under Sections 806.051, 807.051 or 2252.153 of the Texas Government Code. The term "foreign terrorist organization" as used in this subsection (b) has the meaning assigned to such term in Section 2252.151 of the Texas Government Code.

12. In the event the Authority files with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system, or its successor ("EMMA"), this Direct Bond Purchase Agreement, the Resolution, the Bond, any document relating thereto or any description of the material terms thereof or notice of any agreement to covenants, events of default, remedies, priority rights or other similar terms, either voluntarily or as required pursuant a continuing disclosure agreement or Rule 15c2-12 promulgated pursuant to the Securities and Exchange Act of 1934, as amended (the "Rule") (each such posting, an "EMMA Posting"), the Authority shall (i) endeavor to provide the Purchaser and the Owner Representative with a copy of each EMMA Posting prior to submitting or posting on EMMA and (ii) shall not file or permit the filing of any EMMA Posting that includes Confidential Information. The Authority acknowledges and agrees that none of the Purchaser or the Owner Representatives is responsible for the Authority's or any other entity's (including, but not limited to, any broker-dealer's) compliance or noncompliance (or any claims, losses or liabilities arising therefrom) with any continuing disclosure agreement or any applicable securities or other laws, including, but not limited to, those relating to the Rule. "Confidential Information" means any sensitive or confidential information regarding any Owner Representative including, without limitation, address and account and wiring information, e-mail addresses, telephone numbers, facsimile numbers, names and signatures of officers, employees or representatives of each Owner Representative.

{Signatures page follows}

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

DNT ASSET TRUST

By: Alex Ramirez

Name: Alejandro Ramirez

Title: Authorized Officer

ACCEPTED BY THE TRINITY RIVER AUTHORITY OF TEXAS

J. Kevin Ward; General Manager

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

DNT ASSET TRUST

By: _____

Name: _____

Title: _____

ACCEPTED BY THE TRINITY RIVER AUTHORITY OF TEXAS

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

J. Kevin Ward; General Manager

SCHEDULE I

Mandatory Sinking Fund Redemptions

The Bond is subject to mandatory sinking fund redemption pursuant to the terms of the Resolution, on February 1 in the following years and in the following amounts, at a price equal to the principal amount thereof and accrued and unpaid interest to the date of redemption, without premium:

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
02/01/2021	\$305,000	1.850%
02/01/2022	\$310,000	1.850%
02/01/2023	\$310,000	1.850%
02/01/2024	\$315,000	1.850%
02/01/2025	\$320,000	1.850%
02/01/2026	\$330,000	1.850%
02/01/2027	\$335,000	1.850%
02/01/2028	\$340,000	1.850%
02/01/2029	\$1,290,000	1.850%
02/01/2030	\$1,315,000	1.850%
02/01/2031 *	\$1,340,000	1.850%

* Final Maturity

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SOURCES AND USES OF FUNDS

Red Oak Creek System - Red Oak, City of Sewer Project
Refunding Bonds, Series 2020
Per JPM rate of 1.85% (2/26/2020)
****Final Numbers****

Dated Date 03/30/2020
Delivery Date 03/30/2020

Sources:

Bond Proceeds:	
Par Amount	6,510,000.00
Other Sources of Funds:	
Transfer from prior DSRF	115,824.57
	<hr/>
	6,625,824.57
	<hr/>

Uses:

Refunding Escrow Deposits:	
Cash Deposit	6,521,102.51
Delivery Date Expenses:	
Cost of Issuance	100,000.00
Other Uses of Funds:	
Additional Proceeds	4,722.06
	<hr/>
	6,625,824.57
	<hr/>

BOND SUMMARY STATISTICS

Red Oak Creek System - Red Oak, City of Sewer Project Refunding Bonds, Series 2020 Per JPM rate of 1.85% (2/26/2020)

****Final Numbers****

Dated Date	03/30/2020
Delivery Date	03/30/2020
First Coupon	08/01/2020
Last Maturity	02/01/2031
Arbitrage Yield	1.850132%
True Interest Cost (TIC)	1.850132%
Net Interest Cost (NIC)	1.850000%
All-In TIC	2.069342%
Average Coupon	1.850000%
Average Life (years)	7.710
Weighted Average Maturity (years)	7.710
Duration of Issue (years)	7.143
Par Amount	6,510,000.00
Bond Proceeds	6,510,000.00
Total Interest	928,572.04
Net Interest	928,572.04
Bond Years from Dated Date	50,193,083.33
Bond Years from Delivery Date	50,193,083.33
Total Debt Service	7,438,572.04
Maximum Annual Debt Service	1,352,395.00
Average Annual Debt Service	686,461.40
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	
Total Underwriter's Discount	
Bid Price	100.000000

Bond Component	Par Value	Price	Average Coupon	Average Life	Average Maturity Date	Duration	PV of 1 bp change
Serial Bond	6,510,000.00	100.000	1.850%	7.710	12/15/2027	7.143	4,635.70
	6,510,000.00			7.710			4,635.70

	TIC	All-In TIC	Arbitrage Yield
Par Value	6,510,000.00	6,510,000.00	6,510,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount			
- Cost of Issuance Expense		-100,000.00	
- Other Amounts			
Target Value	6,510,000.00	6,410,000.00	6,510,000.00
Target Date	03/30/2020	03/30/2020	03/30/2020
Yield	1.850132%	2.069342%	1.850132%

BOND PRICING

**Red Oak Creek System - Red Oak, City of Sewer Project
Refunding Bonds, Series 2020
Per JPM rate of 1.85% (2/26/2020)
Final Numbers**

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Serial Bond:					
	02/01/2021	305,000	1.850%	1.850%	100.000
	02/01/2022	310,000	1.850%	1.850%	100.000
	02/01/2023	310,000	1.850%	1.850%	100.000
	02/01/2024	315,000	1.850%	1.850%	100.000
	02/01/2025	320,000	1.850%	1.850%	100.000
	02/01/2026	330,000	1.850%	1.850%	100.000
	02/01/2027	335,000	1.850%	1.850%	100.000
	02/01/2028	340,000	1.850%	1.850%	100.000
	02/01/2029	1,290,000	1.850%	1.850%	100.000
	02/01/2030	1,315,000	1.850%	1.850%	100.000
	02/01/2031	1,340,000	1.850%	1.850%	100.000
		6,510,000			

Dated Date	03/30/2020	
Delivery Date	03/30/2020	
First Coupon	08/01/2020	
Par Amount	6,510,000.00	
Original Issue Discount		
Production	6,510,000.00	100.000000%
Underwriter's Discount		
Purchase Price	6,510,000.00	100.000000%
Accrued Interest		
Net Proceeds	6,510,000.00	

BOND DEBT SERVICE

Red Oak Creek System - Red Oak, City of Sewer Project
Refunding Bonds, Series 2020
Per JPM rate of 1.85% (2/26/2020)
****Final Numbers****

Period Ending	Principal	Interest	Debt Service
11/30/2020		40,479.54	40,479.54
11/30/2021	305,000	117,613.75	422,613.75
11/30/2022	310,000	111,925.00	421,925.00
11/30/2023	310,000	106,190.00	416,190.00
11/30/2024	315,000	100,408.75	415,408.75
11/30/2025	320,000	94,535.00	414,535.00
11/30/2026	330,000	88,522.50	418,522.50
11/30/2027	335,000	82,371.25	417,371.25
11/30/2028	340,000	76,127.50	416,127.50
11/30/2029	1,290,000	61,050.00	1,351,050.00
11/30/2030	1,315,000	36,953.75	1,351,953.75
11/30/2031	1,340,000	12,395.00	1,352,395.00
	6,510,000	928,572.04	7,438,572.04

BOND DEBT SERVICE

Red Oak Creek System - Red Oak, City of Sewer Project
Refunding Bonds, Series 2020
Per JPM rate of 1.85% (2/26/2020)
****Final Numbers****

Period Ending	Principal	Interest	Debt Service
08/01/2020		40,479.54	40,479.54
02/01/2021	305,000	60,217.50	365,217.50
08/01/2021		57,396.25	57,396.25
02/01/2022	310,000	57,396.25	367,396.25
08/01/2022		54,528.75	54,528.75
02/01/2023	310,000	54,528.75	364,528.75
08/01/2023		51,661.25	51,661.25
02/01/2024	315,000	51,661.25	366,661.25
08/01/2024		48,747.50	48,747.50
02/01/2025	320,000	48,747.50	368,747.50
08/01/2025		45,787.50	45,787.50
02/01/2026	330,000	45,787.50	375,787.50
08/01/2026		42,735.00	42,735.00
02/01/2027	335,000	42,735.00	377,735.00
08/01/2027		39,636.25	39,636.25
02/01/2028	340,000	39,636.25	379,636.25
08/01/2028		36,491.25	36,491.25
02/01/2029	1,290,000	36,491.25	1,326,491.25
08/01/2029		24,558.75	24,558.75
02/01/2030	1,315,000	24,558.75	1,339,558.75
08/01/2030		12,395.00	12,395.00
02/01/2031	1,340,000	12,395.00	1,352,395.00
	6,510,000	928,572.04	7,438,572.04

AGGREGATE DEBT SERVICE

Red Oak Creek System - Red Oak, City of Sewer Project
Refunding Bonds, Series 2020
Per JPM rate of 1.85% (2/26/2020)
****Final Numbers****

Period Ending	Refunding Bonds, Series 2020	Other D/S	Aggregate Debt Service
11/30/2020	40,479.54	1,749,440.13	1,789,919.67
11/30/2021	422,613.75	7,992,013.26	8,414,627.01
11/30/2022	421,925.00	7,935,479.76	8,357,404.76
11/30/2023	416,190.00	7,880,164.76	8,296,354.76
11/30/2024	415,408.75	7,891,182.26	8,306,591.01
11/30/2025	414,535.00	7,898,536.01	8,313,071.01
11/30/2026	418,522.50	7,913,831.26	8,332,353.76
11/30/2027	417,371.25	7,962,813.76	8,380,185.01
11/30/2028	416,127.50	7,988,530.01	8,404,657.51
11/30/2029	1,351,050.00	5,429,463.76	6,780,513.76
11/30/2030	1,351,953.75	5,472,893.76	6,824,847.51
11/30/2031	1,352,395.00	5,476,068.76	6,828,463.76
11/30/2032		5,023,128.13	5,023,128.13
11/30/2033		4,631,425.00	4,631,425.00
11/30/2034		4,202,875.00	4,202,875.00
11/30/2035		4,201,950.00	4,201,950.00
11/30/2036		4,196,025.00	4,196,025.00
11/30/2037		4,202,775.00	4,202,775.00
11/30/2038		3,963,725.00	3,963,725.00
11/30/2039		1,481,900.00	1,481,900.00
	7,438,572.04	113,494,220.62	120,932,792.66

SUMMARY OF REFUNDING RESULTS

Red Oak Creek System - Red Oak, City of Sewer Project
Refunding Bonds, Series 2020
Per JPM rate of 1.85% (2/26/2020)
****Final Numbers****

Dated Date	03/30/2020
Delivery Date	03/30/2020
Arbitrage yield	1.850132%
Escrow yield	0.000000%
Value of Negative Arbitrage	
Bond Par Amount	6,510,000.00
True Interest Cost	1.850132%
Net Interest Cost	1.850000%
All-In TIC	2.069342%
Average Coupon	1.850000%
Average Life	7.710
Weighted Average Maturity	7.710
Par amount of refunded bonds	6,480,000.00
Average coupon of refunded bonds	3.997728%
Average life of refunded bonds	7.880
Remaining weighted average maturity of refunded bonds	7.880
PV of prior debt to 03/30/2020 @ 2.069342%	7,413,257.90
Net PV Savings	892,155.39
Percentage savings of refunded bonds	13.767830%

SAVINGS

Red Oak Creek System - Red Oak, City of Sewer Project
Refunding Bonds, Series 2020
Per JPM rate of 1.85% (2/26/2020)
****Final Numbers****

Date	Prior Debt Service	Refunding Debt Service	Savings	Present Value to 03/30/2020 @ 2.0693420%
11/30/2020	125,397.50	40,479.54	84,917.96	84,332.39
11/30/2021	516,812.50	422,613.75	94,198.75	91,946.76
11/30/2022	518,490.00	421,925.00	96,565.00	92,366.19
11/30/2023	509,600.00	416,190.00	93,410.00	87,524.27
11/30/2024	510,192.50	415,408.75	94,783.75	87,028.65
11/30/2025	509,785.00	414,535.00	95,250.00	85,701.37
11/30/2026	513,171.25	418,522.50	94,648.75	83,449.23
11/30/2027	510,770.00	417,371.25	93,398.75	80,691.73
11/30/2028	512,717.50	416,127.50	96,590.00	81,794.43
11/30/2029	1,444,902.50	1,351,050.00	93,852.50	77,966.50
11/30/2030	1,446,262.50	1,351,953.75	94,308.75	76,879.02
11/30/2031	1,444,361.25	1,352,395.00	91,966.25	73,577.38
	8,562,462.50	7,438,572.04	1,123,890.46	1,003,257.90

Savings Summary

PV of savings from cash flow	1,003,257.90
Less: Prior funds on hand	-115,824.57
Plus: Refunding funds on hand	4,722.06
Net PV Savings	892,155.39

SUMMARY OF BONDS REFUNDED

Red Oak Creek System - Red Oak, City of Sewer Project
Refunding Bonds, Series 2020
Per JPM rate of 1.85% (2/26/2020)
****Final Numbers****

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
\$8,280,000 Red Oak Creek System Revenue Bonds Series 2009, 2009, SERIAL:					
	02/01/2021	2.950%	270,000.00	03/30/2020	100.000
	02/01/2022	3.100%	280,000.00	03/30/2020	100.000
	02/01/2023	3.250%	280,000.00	03/30/2020	100.000
	02/01/2024	3.350%	290,000.00	03/30/2020	100.000
	02/01/2025	3.700%	300,000.00	03/30/2020	100.000
	02/01/2026	3.850%	315,000.00	03/30/2020	100.000
	02/01/2027	3.900%	325,000.00	03/30/2020	100.000
	02/01/2028	3.950%	340,000.00	03/30/2020	100.000
	02/01/2029	4.000%	1,305,000.00	03/30/2020	100.000
	02/01/2030	4.050%	1,360,000.00	03/30/2020	100.000
	02/01/2031	4.150%	1,415,000.00	03/30/2020	100.000
			6,480,000.00		

ESCROW REQUIREMENTS

Red Oak Creek System - Red Oak, City of Sewer Project
Refunding Bonds, Series 2020
Per JPM rate of 1.85% (2/26/2020)
****Final Numbers****

Period Ending	Interest	Principal Redeemed	Total
03/30/2020	41,102.51	6,480,000.00	6,521,102.51
	41,102.51	6,480,000.00	6,521,102.51

ESCROW COST

Red Oak Creek System - Red Oak, City of Sewer Project
Refunding Bonds, Series 2020
Per JPM rate of 1.85% (2/26/2020)
****Final Numbers****

Purchase Date	Cost of Securities	Cash Deposit	Total Escrow Cost
03/30/2020		6,521,102.51	6,521,102.51
	0	6,521,102.51	6,521,102.51

ESCROW SUFFICIENCY

Red Oak Creek System - Red Oak, City of Sewer Project
Refunding Bonds, Series 2020
Per JPM rate of 1.85% (2/26/2020)
****Final Numbers****

Date	Escrow Requirement	Net Escrow Receipts	Excess Receipts	Excess Balance
03/30/2020	6,521,102.51	6,521,102.51		
	6,521,102.51	6,521,102.51	0.00	

FORMULA VERIFICATION

Red Oak Creek System - Red Oak, City of Sewer Project Refunding Bonds, Series 2020 Per JPM rate of 1.85% (2/26/2020) **Final Numbers**

Component	Formula	Value
DSRF	Total aggregate Debt Service / 19	6,364,883.82
DSRF	- 6,480,708.39	-6,480,708.39
DSRF	Debt Service Reserve Fund	-115,824.57
FORM	6,480,708.39	6,480,708.39
FORM	- (total aggregate Debt Service / 19)	-6,364,883.82
FORM	Other Formula	115,824.57

FORM 8038 STATISTICS

Red Oak Creek System - Red Oak, City of Sewer Project
Refunding Bonds, Series 2020
Per JPM rate of 1.85% (2/26/2020)
****Final Numbers****

Dated Date 03/30/2020
Delivery Date 03/30/2020

Bond Component	Date	Principal	Coupon	Price	Issue Price	Redemption at Maturity
Serial Bond:						
	02/01/2021	305,000.00	1.850%	100.000	305,000.00	305,000.00
	02/01/2022	310,000.00	1.850%	100.000	310,000.00	310,000.00
	02/01/2023	310,000.00	1.850%	100.000	310,000.00	310,000.00
	02/01/2024	315,000.00	1.850%	100.000	315,000.00	315,000.00
	02/01/2025	320,000.00	1.850%	100.000	320,000.00	320,000.00
	02/01/2026	330,000.00	1.850%	100.000	330,000.00	330,000.00
	02/01/2027	335,000.00	1.850%	100.000	335,000.00	335,000.00
	02/01/2028	340,000.00	1.850%	100.000	340,000.00	340,000.00
	02/01/2029	1,290,000.00	1.850%	100.000	1,290,000.00	1,290,000.00
	02/01/2030	1,315,000.00	1.850%	100.000	1,315,000.00	1,315,000.00
	02/01/2031	1,340,000.00	1.850%	100.000	1,340,000.00	1,340,000.00
		6,510,000.00			6,510,000.00	6,510,000.00

	Maturity Date	Interest Rate	Issue Price	Stated Redemption at Maturity	Weighted Average Maturity	Yield
Final Maturity	02/01/2031	1.850%	1,340,000.00	1,340,000.00		
Entire Issue			6,510,000.00	6,510,000.00	7.7102	1.8501%

Proceeds used for accrued interest	0.00
Proceeds used for bond issuance costs (including underwriters' discount)	100,000.00
Proceeds used for credit enhancement	0.00
Proceeds allocated to reasonably required reserve or replacement fund	0.00
Proceeds used to refund prior tax-exempt bonds	6,521,102.51
Proceeds used to refund prior taxable bonds	0.00
Remaining WAM of prior tax-exempt bonds (years)	7.8801
Remaining WAM of prior taxable bonds (years)	0.0000
Last call date of refunded tax-exempt bonds	03/30/2020

2011 Form 8038 Statistics

Proceeds used to currently refund prior issues	6,521,102.51
Proceeds used to advance refund prior issues	0.00
Remaining weighted average maturity of the bonds to be currently refunded	7.8801
Remaining weighted average maturity of the bonds to be advance refunded	0.0000

PAYING AGENT/REGISTRAR AGREEMENT

THIS AGREEMENT is entered into as of February 26, 2020 (this "*Agreement*"), by and between the Trinity River Authority of Texas (the "*Issuer*"), and The Bank of New York Mellon Trust Company, N. A., Dallas, Texas (the "*Bank*").

RECITALS

WHEREAS, the Issuer has duly authorized and provided for the issuance of Trinity River Authority of Texas Red Oak Creek System Revenue Refunding Bond, Series 2020 (the "*Securities*"), such Securities to be issued in fully registered form only as to the payment of principal and interest thereon; and

WHEREAS, the Securities are scheduled to be delivered to the initial purchasers thereof on or about March 30, 2020; and

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

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

NOW, THEREFORE, it is mutually agreed as follows:

ARTICLE ONE

APPOINTMENT OF BANK AS PAYING AGENT AND REGISTRAR

Section 1.01. Appointment.

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

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

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

Section 1.02. Compensation.

As compensation for the Bank's services as Paying Agent/Registrar, the Issuer hereby agrees to pay the Bank the fees and amounts set forth in Schedule A attached hereto for the first year of this Agreement and thereafter the fees and amounts set forth in the Bank's current fee schedule then in effect for services as Paying Agent/Registrar for municipalities, which shall be supplied to the Issuer on or before 90 days prior to the close of the Fiscal Year of the Issuer, and shall be effective upon the first day of the following Fiscal Year.

In addition, the Issuer agrees to reimburse the Bank upon its request for all reasonable expenses, disbursements and advances incurred or made by the Bank in accordance with any of the provisions hereof (including the reasonable compensation and the expenses and disbursements of its agents and counsel).

ARTICLE TWO DEFINITIONS

Section 2.01. Definitions.

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

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

"*Bond Resolution*" means the resolution of the Board of Directors of the Issuer pursuant to which the Securities are issued, certified by the Secretary of the Board of Directors and delivered to the Bank.

"*Financial Advisor*" means Hilltop Securities Inc.

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

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

"*Issuer Request*" and "*Issuer Order*" means a written request or order signed in the name of the Issuer by the President of the Board of Directors of the Issuer and delivered to the Bank.

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

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

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

"*Redemption Date*" when used with respect to any Security to be redeemed means the date fixed for such redemption pursuant to the terms of the Bond Resolution.

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

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

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

Section 2.02. Other Definitions.

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

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

ARTICLE THREE PAYING AGENT

Section 3.01. Duties of Paying Agent.

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

As Paying Agent, the Bank shall, provided adequate collected funds have been provided to it for such purpose by or on behalf of the Issuer, pay on behalf of the Issuer the interest on each

Security when due, by computing the amount of interest to be paid each Holder and preparing and sending checks by United States Mail, first class postage prepaid, on each payment date, to the Holders of the Securities (or their Predecessor Securities) on the respective Record Date, to the address appearing on the Security Register or by such other method, acceptable to the Bank, requested in writing by the Holder at the Holder's risk and expense.

Section 3.02. Payment Dates.

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

ARTICLE FOUR
REGISTRAR

Section 4.01. Security Register - Transfers and Exchanges.

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

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

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

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

Section 4.02. Securities.

At any time that the Securities are not subject to a book-entry-only system of registration and transfer, the Issuer shall provide an adequate inventory of printed Securities to facilitate transfers or

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

Section 4.03. Form of Security Register.

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

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

Section 4.04. List of Security Holders.

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

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

Section 4.05. Cancellation of Securities.

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

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

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

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

Section 4.07. Transaction Information to Issuer.

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

Section 4.08 Reporting Requirements.

To the extent required by the Internal Revenue Code of 1986, as amended, and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto, the Bank shall report or assure that a report is made to the Holder and the Internal Revenue Service the amount of interest paid or the amount treated as interest accrued on the Security which is required to be reported by a Holder on its returns of federal income tax.

ARTICLE FIVE THE BANK

Section 5.01. Duties of Bank.

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

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

Section 5.02. Reliance on Documents, Etc.

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

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

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

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

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

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

Section 5.03. Recitals of Issuer.

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

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

Section 5.04. May Hold Securities.

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

Section 5.05. Moneys Held by Bank.

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

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

Section 5.06. Indemnification.

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

Section 5.07. Interpleader.

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

Section 5.08. Depository Trust Company Services.

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

ARTICLE SIX
MISCELLANEOUS PROVISIONS

Section 6.01. Amendment.

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

Section 6.02. Assignment.

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

Section 6.03. Notices.

Any request, demand, authorization, direction, notice, consent, waiver or other document provided or permitted hereby to be given or furnished to the Issuer or the Bank shall be mailed or delivered to the Issuer or the Bank, respectively, at the addresses set forth below:

Issuer

Trinity River Authority
Attention: Chief Financial Officer
P.O. Box 60
Arlington, Texas 76004

Paying Agent/Registrar

The Bank of New York Mellon Trust Company
2001 Bryan Street, 11th Floor
Dallas, Texas 75201
Attention: Corporate Trust Department

Section 6.04. Effect of Headings.

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

Section 6.05. Successors and Assigns.

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

Section 6.06. Severability.

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

Section 6.07. Benefits of Agreement.

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

Section 6.08. Entire Agreement.

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

Section 6.09. Counterparts.

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

Section 6.10. Termination.

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

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

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

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

Section 6.11. Governing Law.

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

Section 6.12. Miscellaneous.

(a) The Paying Agent/Registrar represents and warrants, for purposes of Chapter 2271 of the Texas Government Code, that at the time of execution and delivery of this Agreement, none of the Paying Agent/Registrar, or any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of the Paying Agent/Registrar, boycotts Israel. The Paying Agent/Registrar agrees that, except to the extent otherwise required by applicable federal law, including, without limitation, 50 U.S.C. Section 4607, neither the Paying Agent/Registrar, nor any wholly-owned subsidiary, majority-owned subsidiary, parent company, or affiliate of the Paying Agent/Registrar, will boycott Israel during the term of this Agreement. The terms "boycotts Israel" and "boycott Israel" as used in this subsection (a) has the meaning assigned to the term "boycott Israel" in Section 808.001 of the Texas Government Code.

(b) The Paying Agent/Registrar represents and warrants, for purposes of Subchapter F of Chapter 2252 of the Texas Government Code, that at the time of execution and delivery of this Agreement neither the Paying Agent/Registrar, nor any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of the Paying Agent/Registrar, (i) engages in business with Iran, Sudan or any foreign terrorist organization as described in Chapters 806 or 807 of the Texas Government Code, or Subchapter F of Chapter 2252 of the Texas Government Code, or (ii) is a company listed by the Texas Comptroller under Sections 806.051, 807.051 or 2252.153 of the Texas Government Code. The term "foreign terrorist organization" as used in this subsection (b) has the meaning assigned to such term in Section 2252.151 of the Texas Government Code.

[The remainder of this page is left blank intentionally]

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

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION

By _____

Title _____

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

TRINITY RIVER AUTHORITY OF TEXAS

By  _____

J. Kevin Ward, General Manager

5300 S. Collins, Arlington, Texas 76018

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

THE TRINITY RIVER AUTHORITY OF TEXAS

By: _____
J. Kevin Ward, General Manager

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.

By: Eugene Bernards-Polk
Title: Associate

SCHEDULE A

PAYING AGENT/REGISTRAR FEE SCHEDULE



Trinity River Authority of Texas

Red Oak Creek System Revenue Refunding Bond, Series 2020

February 28, 2020

Fee Schedule for the following:

- Paying Agent
- Registrar

Presented By:

BNY Mellon Corporate Trust

Fee Schedule

Subject to the Terms and Conditions below, upon appointment of **The Bank of New York Mellon Trust Company, N.A.** (“BNYM” or “us” or “affiliates” or “subsidiaries”) in the roles as outlined within this Fee Schedule (this “Fee Schedule”), **Trinity River Authority of Texas** (“you”) shall be responsible for the payment of the fees, expenses and charges as set forth herein.

General Fees

Acceptance Fee

Waived

The Transaction Acceptance Fee is payable at the time of the execution of the governing documents in connection with the closing of the transaction which is the subject of this Agreement (the “**Transaction**”), and compensates BNYM for the following: review of all supporting documents, initial establishment of the required accounts and Know Your Customer checks.

Annual Fee – Paying Agent

\$750

An annual charge covering the normal paying agent duties related to account administration and bondholder services. Our pricing is based on the assumption that the bonds are DTC-eligible/book-entry only. If the bonds are certificated or physical, an additional fee per year will be added to the Annual Paying Agent Administrative fee. This fee is payable annually, in advance.

Activity Fees (if applicable)

Redemption Fee

\$300

Call Pricing includes distribution of the call notice to holders of record, redemption processing, and notification to EMMA. Any publication expenses (i.e. Bond Buyer, regional periodical, financial periodicals, etc.) for the call notice will be billed to the Issuer at cost.

(\$300 * 1)

Additional Fees

Extraordinary Services / Miscellaneous Fees

The charges for performing extraordinary or other services not contemplated at the time of the execution of the Transaction Documents or not specifically covered elsewhere in this schedule will be commensurate with the service to be provided and may be charged in BNY Mellon’s sole discretion. If it is contemplated that BNY Mellon hold/and or value collateral, additional acceptance, administration and counsel review fees will be applicable to the agreement governing such services. If the bonds are converted to certificated form, additional annual fees will be charged for any applicable tender agent and/or registrar/paying agent services. Additional information will be provided at such time. If all outstanding bonds of a series are defeased or redeemed, or BNY Mellon is removed as paying agent prior to the maturity of the bonds, a termination fee may be assessed at that time.

Miscellaneous fees and expenses may include, but are not necessarily limited to supplemental agreements, tender processing, the preparation and distribution of sinking fund redemption notices, optional redemptions, failed remarketing processing, preparation of special or interim reports, UCC filing fees, auditor confirmation fees, wire transfer fees, Letter of Credit drawdown fees, transaction fees to settle third-party trades, and reconciliation fees to balance trust account balances to third-party investment provider statements. Counsel, accountants, special agents and others will be charged at the actual amount of fees and expenses billed. FDIC or other governmental charges will be passed along as incurred.

You agree to reimburse BNYM for extraordinary expenses incurred by it in connection with the Transaction to the extent permitted by law.

Unless specifically listed in this Fee Schedule, the fees, expenses and disbursements of BNYM legal counsel are not included in the charges listed above.

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The information contained within this Fee Schedule is the proprietary information of The Bank of New York Mellon and is confidential. Except as otherwise provided by law, this document, either in whole or in part, must not be reproduced or disclosed to others or used for purposes other than that for which it has been supplied without the prior written permission of The Bank of New York Mellon. You shall not use BNY Mellon’s name or trademarks without its prior written permission.

Out-of-Pocket Expenses

Fees quoted in this Fee Schedule are solely for the provision of the services listed in this Fee Schedule, and any Out-of-Pocket Expenses are payable in addition to the fees quoted in this Fee Schedule. Reimbursement will be required for any Out-of-Pocket Expenses and will be charged to you at the actual cost to BNYM plus any applicable taxes.

Advance Fees

BNYM requires that you agree to the fees quoted in this Fee Schedule prior to the commencement of any work or the provision of any services by BNYM in relation to the Transaction. In the event that BNYM provides any services to you prior to your agreement to the fees quoted herein, the commencement of such work or the provision of such services shall not be deemed to constitute a waiver of the fees listed in this Fee Schedule. BNYM reserves the right to cease providing services until such time as you agree to the fees quoted herein. BNYM reserves the right to request that any and all fees due and payable pursuant to this Fee Schedule and related in any way to the Transaction are paid in advance (either in whole or in part) prior to the provision of any services.

Negative Interest Rates – Charges

With respect to any funds invested by BNYM in connection with the Transaction, if: (i) any recognized overnight benchmark rate or any official overnight interest rate set by a central bank or other monetary authority is negative or zero; or (ii) any market counterparty or other institution applies a negative interest rate or any related charge to any account or balance of BNYM or any account or balance opened for You by BNYM, BNYM may apply a charge to any of Your accounts or balances. BNYM will give You prompt written notice of the application of any such charges. You acknowledge and agree that the application of such a charge by BNYM may cause the effective interest rate applicable to Your account or balance to be negative, notwithstanding that one or more of the rates set by third parties specified in clauses (i) and (ii) above may be positive.

Terms and Conditions

General

BNYM's final acceptance of its appointment pursuant to the Transaction Documents is subject to the full review and approval of all related documentation, financials and standard Know Your Customer procedures. In the event that this Transaction does not proceed with BNYM in the roles contemplated by this Fee Schedule and the Transaction Documents, you will be responsible for payment of any external counsel fees and expenses and out-of-pocket expenses which BNYM may have incurred up to and including the termination date.

You agree that BNYM shall have no obligation to expend or risk its own funds or otherwise to incur any liability, financial or otherwise, in the performance of any of its duties as paying agent or registrar in connection with the Transaction, or in the exercise of any of its rights or powers in connection therewith, if it shall have reasonable grounds for believing that repayment of such funds is not assured to it.

Please note the fees quoted in this Fee Schedule are based upon the information available at the present time. Further quotes may be provided once the structure of the deal has been finalized. Annual Fees cover a period of one year and any portion thereof and are not subject to pro-rata. Fees may be subject to adjustment during the life of the engagement.

Acceptance/Revocation of Offer

You may agree to the fees quoted herein by (i) executing this Fee Schedule and returning it to us, (ii) closing the Transaction, or (iii) instructing us or continuing to instruct us after receipt of this Fee Schedule. Upon the earlier to occur of (i), (ii) and (iii), the fees quoted herein shall be deemed accepted by you. If you agree to the fees quoted herein, the terms of this Fee Schedule shall supersede any prior fees quoted with respect to the Transaction. BNYM may revoke the terms of this Fee Schedule if the Transaction does not close within three months from the date of this Fee Schedule. Should the Transaction fail to close for any reason, a termination fee equal to BNYM's Acceptance Fee, any external counsel fees, expenses and disbursements and all out-of-pocket expenses will apply.

Confidential Information

Except as otherwise provided by law, all information provided to you by BNYM must remain confidential and may

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not be intentionally disclosed, reproduced, copied, published, or displayed in any form to any third party without BNYM's prior written approval.

Miscellaneous

You shall be responsible for filing any applicable information returns with the U.S. Department of Treasury, Internal Revenue Service in connection with payments made by BNYM to vendors who have not performed services for BNYM's benefit under the various bond or note issuances or other undertakings contemplated by this Fee Schedule.

The Bank of New York Mellon Corporation is a global financial organization that operates in and provides services and products to clients through its affiliates and subsidiaries located in multiple jurisdictions (the "BNY Mellon Group"). The BNY Mellon Group may (i) centralize in one or more affiliates and subsidiaries certain activities (the "Centralized Functions"), including audit, accounting, administration, risk management, legal, compliance, sales, product communication, relationship management, and the compilation and analysis of information and data regarding You (which, for purposes of this provision, includes the name and business contact information for Your employees and representatives) and the accounts established pursuant to the Transaction Documents ("Your Information") and (ii) use third party service providers to store, maintain and process Your Information ("Outsourced Functions"). Notwithstanding anything to the contrary contained elsewhere in this Fee Schedule or the Transaction Documents and solely in connection with the Centralized Functions and/or Outsourced Functions, You consent to the disclosure of, and authorize BNY Mellon to disclose, Your Information to (i) other members of the BNY Mellon Group (and their respective officers, directors and employees) and to (ii) third-party service providers (but solely in connection with Outsourced Functions) who are required to maintain the confidentiality of Your Information. In addition, the BNY Mellon Group may aggregate Your Information with other data collected and/or calculated by the BNY Mellon Group, and the BNY Mellon Group will own all such aggregated data, provided that the BNY Mellon Group shall not distribute the aggregated data in a format that identifies Your Information with You specifically. You represent that You are authorized to consent to the foregoing and that the disclosure of Your Information in connection with the Centralized Functions and/or Outsourced Functions does not violate any relevant data protection legislation. You also consent to the disclosure of Your Information to governmental and regulatory authorities in jurisdictions where the BNY Mellon Group operates and otherwise as required by law.

Customer Notice Required By the USA Patriot Act

To help the U.S. government fight the funding of terrorism and money laundering activities, US Federal law requires all financial institutions to obtain, verify and record information that identifies each person (whether an individual or organization) for which a relationship is established. When you establish a relationship with BNYM, we will ask you to provide certain information (and documents) that will help us to identify you. We will ask for your organization's name, physical address, tax identification or other government registration number and other information that will help us identify you. We may also ask for a Certificate of Incorporation or similar document or other pertinent identifying documentation for your type of organization.

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GENERAL AND NO-LITIGATION CERTIFICATE OF
THE TRINITY RIVER AUTHORITY OF TEXAS

We, the undersigned officers of the Trinity River Authority of Texas (the "*Authority*"), hereby certify that we are executing and delivering this certificate with reference to the Trinity River Authority of Texas Red Oak Creek System Revenue Refunding Bond, Series 2020 (the "*Bond*").

The certifications herein are made this, the 30TH day of March, 2020.

1. That this certificate is executed for the benefit of the Attorney General of the State of Texas and the prospective owners of the Bond, which Bond was authorized by Resolution No. R-1538, adopted on February 26, 2020, by the Board of Directors of the Authority (the "*Bond Resolution*").

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

3. That, other than for the payment of the Trinity River Authority of Texas Red Oak Creek System Revenue Bonds, Series 2009, Trinity River Authority of Texas Red Oak Creek System Revenue Bonds, Series 2011, Trinity River Authority of Texas Red Oak Creek System Revenue Bonds, Series 2013, Trinity River Authority of Texas Red Oak Creek System Revenue Refunding Bond, Series 2015, Trinity River Authority of Texas Red Oak Creek System Revenue Improvement and Refunding Bonds, Series 2016 Trinity River Authority of Texas Red Oak Creek System Revenue Improvement Bonds, Series 2018 and Trinity River Authority of Texas Red Oak Creek System Revenue Improvement Bonds, Series 2019 (the "*Outstanding Bonds*") and the Bond, the "Pledged Revenues", as defined in the Bond Resolution, are not in any manner pledged to the payment of any debt or obligation.

4. That no litigation or proceeding against the Authority is pending or, to our knowledge, threatened in any court or administrative body nor, to our knowledge, is there a basis for litigation which would contest (a) the issuance, delivery, payment, security, or validity of the Outstanding Bonds or Bond, (b) the validity of the Trinity River Authority of Texas - Red Oak Creek Regional Wastewater System Contract, dated as of June 1, 1986, which has been duly executed between the Authority and the Cities of Cedar Hill, DeSoto, Glenn Heights, Lancaster, Ovilla, and Red Oak, Texas (the "*Contract*"), (c) the right of the members or officials of the Authority to hold and exercise their respective positions, (d) the due organization and valid existence of the Authority, (e) the validity, due authorization and execution of the Bond, (f) attempt to limit, enjoin or otherwise restrict or prevent the Authority from functioning and collecting revenues, including payments on the Bond pursuant to the Resolution, and other income or the charge, payment or collection of the rates, fees and charges of the System or under the Contract or the use of the Pledged Revenues to pay the principal of and interest on the Bond, or the pledge thereof, (g) the title of the present members and officers of the Board of Directors of the Authority to their

respective offices, or (h) the organization or corporate existence of the Authority or the boundaries thereof.

5. Attached hereto as Exhibit A is a schedule illustrating the savings to be realized by the Issuer as a result of the refunding of the Refunded Bonds by the issuance of the Bond.

6. That no default exists in connection with any of the covenants or requirements of the resolutions authorizing the issuance of all now outstanding bonds which are secured by and payable from the Pledged Revenues, and the "Interest and Sinking Fund" and the "Reserve Fund" maintained pursuant to thereto contain the amounts now required to be on deposit therein.

7. That the Contract is in full force and effect, has never been revoked or rescinded, has not been changed or amended since the issuance and delivery of the most recent series parity bonds secured by the Contract as submitted to and approved by the Attorney General of the State of Texas, and no default exists with respect thereto.

8. That the Bond Resolution, is in full force and effect, and has never been revoked, amended or rescinded.

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

10. That said Bond is substantially in the form, and has been duly executed and signed in the manner, prescribed in the Bond Resolution.

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

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

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

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

15. As of the date hereof, the following are the duly constituted members of the Board of Directors of the Authority.

Kevin Maxwell, President	Victoria K. Lucas
Howard S. Slobodin, Secretary	Dennis "Joe" McCleskey
Cathy Altman	Lewis H. McMahan
Whitney D. Beckworth	Robert F. McFarlane, M.D.
Henry Borbolla III	Manny Rachal
Cary Cole Camp	Stephen L. Roberts
Megan W. Deen	William O. Rodgers
Tommy G. Fordyce	Amir A. Rupani
Jerry F. House	C. Dwayne Somerville
Lisa Hembry	Frank H. Steed, Jr.
John W. Jenkins	David G. Ward
Jess A. Laird	Brenda K. Walker
David B. Leonard	Edward C. Williams III

16. In accordance with the Bond Resolution, the General Manager of the Authority has duly executed the Direct Bond Purchase Agreement with respect to the Bond.

17. With respect to the contracts executed in connection with the authorization and issuance of the Bond, all disclosure filings and acknowledgments required by Section 2252.908, Texas Government Code, and the rules of the Texas Ethics Commission related to said provision, have been made.

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

19. The Attorney General of Texas is hereby authorized and directed to date this certificate concurrently with the date of approval of the Bond. If any litigation or contest should develop pertaining to the Bond or any other matters covered by this certificate, the undersigned will notify you thereof immediately by telephone. With this assurance the Attorney General can rely on the absence of any such litigation or contest, and on the veracity and currency of this certificate, at the time he approves the Bond, unless he is notified otherwise as aforesaid.

20. With respect to the contracts contained within this transcript of proceedings, all disclosure filings and acknowledgments required by Section 2252.908, Texas Government Code, and the rules of the Texas Ethics Commission related to said provision, have been made.

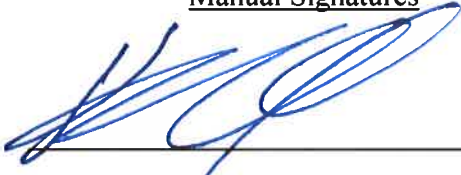
21. In connection with the issuance of the Bond, the Issuer represents and verifies, in accordance with the prohibition by Section 2252.152 of the Texas Government Code against governmental entities contracting with companies engaged in business with Sudan, Iran, or

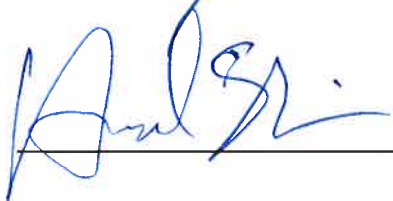
Foreign Terrorist Organizations, that the Issuer has not contracted with a company identified on a list prepared or maintained under Sections 806.051, 807.051, or 2252.153 of the Texas Government Code.

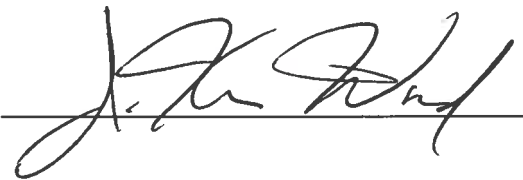
EXECUTED AND DELIVERED ON March 30, 2020.

Manual Signatures

Name and Official Titles







Kevin Maxwell
President, Board of Directors
Trinity River Authority of Texas

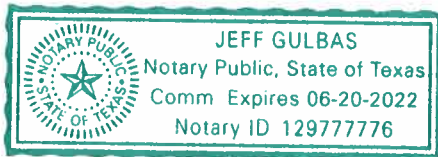
Howard Slobodin
Secretary, Board of Directors
Trinity River Authority of Texas

J. Kevin Ward
General Manager
Trinity River Authority of Texas

ACKNOWLEDGMENT

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

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 26th day of February, 2020.





Notary Public, State of Texas

[NOTARY SEAL]

General Certificate

EXHIBIT A
PROOF OF DEBT SERVICE SAVINGS

Date	Prior Debt Service	Refunding Debt Service	Savings	Present Value to 03/30/2020 @ 2.0693420%
11/30/2020	125,397.50	40,479.54	84,917.96	84,332.39
11/30/2021	516,812.50	422,613.75	94,198.75	91,946.76
11/30/2022	518,490.00	421,925.00	96,565.00	92,366.19
11/30/2023	509,600.00	416,190.00	93,410.00	87,524.27
11/30/2024	510,192.50	415,408.75	94,783.75	87,028.65
11/30/2025	509,785.00	414,535.00	95,250.00	85,701.37
11/30/2026	513,171.25	418,522.50	94,648.75	83,449.23
11/30/2027	510,770.00	417,371.25	93,398.75	80,691.73
11/30/2028	512,717.50	416,127.50	96,590.00	81,794.43
11/30/2029	1,444,902.50	1,351,050.00	93,852.50	77,966.50
11/30/2030	1,446,262.50	1,351,953.75	94,308.75	76,879.02
11/30/2031	1,444,361.25	1,352,395.00	91,966.25	73,577.38
	8,562,462.50	7,438,572.04	1,123,890.46	1,003,257.90

CERTIFICATE REGARDING SUFFICIENCY OF FUNDS

The undersigned, being an authorized employee of Hilltop Securities, Inc. (the "*Financial Advisor*") which serves as financial advisor to the Trinity River Authority of Texas (the "*Issuer*"), hereby certifies as follows:

1. This Certificate is given in connection with the defeasance and redemption of the Trinity River Authority of Texas Red Oak Creek System Revenue Bonds, Series 2009 (the “*Refunded Obligations*”).

2. The Financial Advisor acknowledges that the outstanding Refunded Obligations as described in Exhibit A hereto have been called for redemption on March 30, 2020 (the "*Redemption Date*"). On March 30, 2020, the Issuer will deliver its \$6,510,000 Trinity River Authority of Texas Red Oak Creek System Revenue Refunding Bond, Series 2020 (the "*Refunding Bond*"), which will be used to accomplish the defeasance of the Refunded Obligations.

3. The Financial Advisor acknowledges and agrees that the total amount due as the redemption price of the Refunded Obligations on the Redemption Date is \$6,521,102.51, representing principal in the amount of \$6,480,000.00 plus accrued interest to the Redemption Date in the amount of \$41,102.51.

4. The Issuer will deliver the Refunding Bond on March 30, 2020, and on that date, proceeds of the Refunding Bond in the amount of \$6,521,102.51 will be deposited with The Bank of New York Mellon Trust Company, N.A. in its capacity as paying agent for the Refunding Obligations (the "*Refunded Obligations Paying Agent*"). Such amount will be applied to pay redemption price of the Refunded Obligations on the Redemption Date.

5. Based on the certifications set forth in paragraphs 1 through 4 above, and assuming that the Refunded Obligations Paying Agent receives the funds described in paragraph 4 above, the amount of money available to the Refunded Obligations Paying Agent on the Redemption Date will be sufficient to pay the outstanding principal and accrued interest of the Refunded Obligations due on their Redemption Date as described above.

EXECUTED ON MARCH 22, 2020.

HILLTOP SECURITIES, INC.

By: Mary Williams
Mary Williams
Managing Director

EXHIBIT A

SCHEDULE OF REFUNDED OBLIGATIONS

Red Oak Creek System Revenue Bonds, Series 2009

<u>Principal</u>	<u>Maturity</u> <u>Date</u>	<u>Coupon</u>	<u>Redemption</u> <u>Date</u>	<u>Redemption</u> <u>Price</u>
270,000.00	02/01/2021	2.950%	03/30/2020	100%
280,000.00	02/01/2022	3.100%	03/30/2020	100%
280,000.00	02/01/2023	3.250%	03/30/2020	100%
290,000.00	02/01/2024	3.350%	03/30/2020	100%
300,000.00	02/01/2025	3.700%	03/30/2020	100%
315,000.00	02/01/2026	3.850%	03/30/2020	100%
325,000.00	02/01/2027	3.900%	03/30/2020	100%
340,000.00	02/01/2028	3.950%	03/30/2020	100%
1,305,000.00	02/01/2029	4.000%	03/30/2020	100%
1,360,000.00	02/01/2030	4.050%	03/30/2020	100%
1,415,000.00	02/01/2031	4.150%	03/30/2020	100%

DIRECTION TO PROVIDE NOTICE OF REDEMPTION

February 26, 2020

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

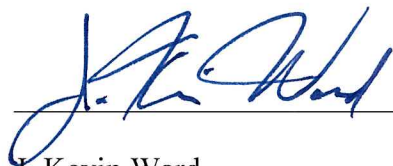
Re: Notice of Redemption - Trinity River Authority of Texas Red Oak Creek System
Revenue Bonds, Series 2009

Ladies and Gentlemen:

Please note that the Board of Directors of the Trinity River Authority of Texas met at its regular meeting on February 26, 2020 to call for redemption one hundred percent of the outstanding maturities and amounts of the Trinity River Authority of Texas Red Oak Creek System Revenue Bonds, Series 2009 (the "Bonds"). The Bonds have been called for redemption on March 30, 2020.

You are hereby authorized and directed to provide notice of redemption to the registered owners of the Bonds in accordance with the resolution and proceedings authorizing the Bonds. Notice of redemption must be provided at least thirty days prior to the redemption date to the owner.

You are further directed to make appropriate arrangements so that the Bonds may be redeemed on the redemption date in accordance with the Bonds and the proceedings authorizing the issuance of the Bonds.

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

J. Kevin Ward
General Manager
Trinity River Authority of Texas

TL



KEN PAXTON
ATTORNEY GENERAL OF TEXAS

March 30, 2020

THIS IS TO CERTIFY that the Trinity River Authority of Texas (the "Issuer") has submitted the Trinity River Authority of Texas Red Oak Creek System Revenue Refunding Bond, Series 2020 (the "Bond"), in the principal amount of \$6,510,000, for approval. The Bond is dated March 1, 2020, numbered T-1, and was authorized by Resolution No. R-1538 of the Issuer passed on February 26, 2020 (the "Resolution").

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

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

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

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

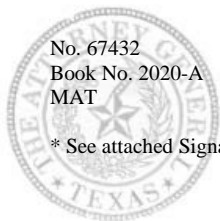
- (1) The Bond has been issued in accordance with law and is a valid and binding special obligation of the Issuer.
- (2) In accordance with the provisions of the law, firm banking arrangements have been made for the discharge and final payment or redemption of the obligations being refunded upon deposit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

Therefore, the Bond is approved.

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



Attorney General of the State of Texas



No. 67432
Book No. 2020-A
MAT

* See attached Signature Authorization

OFFICE OF THE ATTORNEY GENERAL
OF THE STATE OF TEXAS

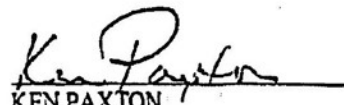
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§

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

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

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




KEN PAXTON
Attorney General of the State of Texas

OFFICE OF COMPTROLLER

OF THE STATE OF TEXAS

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

Trinity River Authority of Texas Red Oak Creek System Revenue Refunding Bond, Series 2020

numbered T-1, of the denomination of \$ 6,510,000, dated March 1, 2020, as authorized by issuer, interest 1.850 percent, under and by authority of which said bonds/certificates were registered electronically in the office of the Comptroller, on the 30th day of March 2020, under Registration Number 93564.

Given under my hand and seal of office, at Austin, Texas, the 30th day of March 2020.



A handwritten signature in black ink, appearing to read "Glenn Hegar", written in a cursive style.

GLENN HEGAR
Comptroller of Public Accounts
of the State of Texas

OFFICE OF COMPTROLLER
OF THE STATE OF TEXAS

I, Theresia Goetz, ☐ Bond Clerk ☒ Assistant Bond Clerk in the office of the Comptroller of the State of Texas, do hereby certify that, acting under the direction and authority of the Comptroller on the 30th day of March 2020, I signed the name of the Comptroller to the certificate of registration endorsed upon the:

Trinity River Authority of Texas Red Oak Creek System Revenue Refunding Bond, Series 2020,

numbered T-1, dated March 1, 2020, and that in signing the certificate of registration I used the following signature:

Glenn Hegar

IN WITNESS WHEREOF I have executed this certificate this the 30th day of March 2020.

Theresia Goetz

I, Glenn Hegar, Comptroller of Public Accounts of the State of Texas, certify that the person who has signed the above certificate was duly designated and appointed by me under authority vested in me by Chapter 403, Subchapter H, Government Code, with authority to sign my name to all certificates of registration, and/or cancellation of bonds required by law to be registered and/or cancelled by me, and was acting as such on the date first mentioned in this certificate, and that the bonds/certificates described in this certificate have been duly registered in the office of the Comptroller, under Registration Number 93564.

GIVEN under my hand and seal of office at Austin, Texas, this the 30th day of March 2020.



Glenn Hegar

GLENN HEGAR
Comptroller of Public Accounts
of the State of Texas

FEDERAL TAX CERTIFICATE

1. In General.

1.1. The undersigned is an authorized representative of the Trinity River Authority of Texas (the "Issuer").

1.2. This Certificate is executed for the purpose of establishing the reasonable expectations of the Issuer as to future events regarding the Issuer's Red Oak Creek System Revenue Refunding Bond, Series 2020 (the "Bond"). The Bond is being issued pursuant to a Resolution duly adopted by the Issuer (the "Resolution"). The Resolution is incorporated herein by reference.

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

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

1.5. The undersigned is not aware of any facts or circumstances that would cause him to question the accuracy of the representations made by DNT Asset Trust (the "Purchaser") in the Issue Price Certificate attached hereto as Exhibit "D", and by Hilltop Securities Inc. (the "Financial Advisor") in Subsection 5.3 of this Certificate and with respect to the Schedules attached hereto as Exhibit "E".

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

2.1. The purpose for the issuance of the Bond, as more fully described in the Resolution, is to currently refund the Issuer's Red Oak Creek System Revenue Bonds, Series 2009 (the "Outstanding Bonds") and in part, to pay the related expenses of issuing the Bond. The proceeds of the Bond will be used to redeem the Outstanding Bonds within 90 days of the date hereof.

2.2. The proceeds of the Outstanding Bonds were used to acquire and construct improvements and extensions to the Issuer's Red Oak Creek Regional Wastewater System (the "Outstanding Projects"). The Outstanding Projects remain in service and have not been sold or otherwise disposed of by the Issuer.

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

2.4. Other than the Contracting Parties and members of the general public, the Issuer expects that throughout the lesser of the term of the Bond, or the useful lives of the Outstanding Projects, the only user of the Outstanding Projects has been or will be the Issuer or the Issuer's employees and agents, except as described in this Section 2.4. The Issuer will be the manager of the Outstanding Projects. In no event will the proceeds of the Bond, the Outstanding Bonds, the Outstanding Projects or facilities financed therewith be used for private business use in an amount greater than \$15 million. The Issuer does not expect to enter into long-term sales of output from the Outstanding Projects, except on the basis of generally-applicable and uniformly applied rates. The Issuer may apply different rates for different classes of customers, including volume purchasers, which are reasonable and customary.

2.5. Except as stated below, the Issuer expects not to sell or otherwise dispose of property constituting the Outstanding Projects prior to the earlier of the end of such property's useful life or the final maturity of the Bond. The Resolution provides that the Issuer will not sell or otherwise dispose of the

Outstanding Projects unless the Issuer receives an opinion of nationally-recognized bond counsel that such sale or other disposition will not adversely affect the tax-exempt status of the Bond.

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

3. Yield.

3.1. As shown in the Schedules of Financial Advisor attached hereto as Exhibit "E", the Issuer will determine the issue price of the Bond based on the first price paid by the Purchaser.

3.2. The Texas Water Development Board (the "Board") as holder of the Outstanding Bonds, confirmed in Board's letter attached hereto as Exhibit "F" that the Outstanding Bonds were purchased with funds other than tax-exempt bonds.

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

4. Interest and Redemption Fund.

4.1. A separate and special Interest and Redemption Fund has been created and established, other than as described herein, solely to pay the principal of and interest on the Bond (the "Bona Fide Debt Service Portion"). The Bona Fide Debt Service Portion constitutes a fund that is used primarily to achieve a proper matching of revenues and debt service within each bond year. Such portion will be completely depleted at least once each year except for an amount not in excess of the greater of (a) one-twelfth of the debt service on the Bond for the previous year, or (b) the previous year's earnings on such portion of the Interest and Redemption Fund. Amounts deposited in the Interest and Redemption Fund constituting the Bona Fide Debt Service Portion will be spent within a thirteen-month period beginning on the date of deposit, and any amount received from the investment of money held in the Interest and Redemption Fund will be spent within a one-year period beginning on the date of receipt.

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

5. Reserve Fund.

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

required to transfer money from the Reserve Fund to the Interest and Redemption Fund in an amount sufficient to make such payments.

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

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

6. Revenue Fund.

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

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

7. Contingency Fund.

7.1. The Resolution creates a Contingency Fund which will be used solely for the purposes described in the Resolution.

7.2. Moneys in the Contingency Fund are reasonably expected not to be used to pay the principal of and interest on the Bond. There will be no assurance that such amounts will be available to meet debt services if the Issuer encounters financial difficulty. Amounts in the Contingency Fund will be invested without yield restriction.

8. Transferred Proceeds and Disposition Proceeds.

8.1. As of the date of this Certificate, all of the amounts received from the sale of the Outstanding Bonds and the investment earnings thereon have been expended.

8.2. The Issuer has no reason to believe nor has any expectation that a device has been or will be employed in connection with the issuance of the Bond to obtain a material financial advantage (based on arbitrage) apart from savings attributable to lower interest rates.

9. Invested Sinking Fund Proceeds, Replacement Proceeds.

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

9.2. Other than the Interest and Redemption Fund and the Reserve Fund, there are, and will be, no other funds or accounts established, or to be established, by or on behalf of the Issuer (a) which are

reasonably expected to be used, or to generate earnings to be used, to pay debt service on the Bond, or (b) which are reserved or pledged as collateral for payment of debt service on the Bond and for which there is reasonable assurance that amounts therein will be available to pay such debt service if the Issuer encounters financial difficulties. Accordingly, there are no other amounts constituting "gross proceeds" of the Bond, within the meaning of section 148 of the Code.

10. Other Obligations.

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

11. Federal Tax Audit Responsibilities.

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

12. Record Retention and Private Business Use.

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

13. Rebate to United States.

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

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DATED as of March 30, 2020.

TRINITY RIVER AUTHORITY OF TEXAS


By: 

Name: J. Kevin Ward

Title: General Manager

The undersigned represents that, to the best of the undersigned's knowledge, information and belief, the representations contained in Subsection 5.3 of this Federal Tax Certificate and the Schedules attached hereto as Exhibit "E" are, as of March 30, 2020, accurate and complete. We understand that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in this Federal Tax Certificate and by McCall, Parkhurst & Horton L.L.P. (i) in connection with rendering its opinion to the Issuer that interest on the Bond is excludable from gross income thereof for income tax purposes, and (ii) for purposes of completing the IRS Form 8038-G. The undersigned is certifying only as to facts in existence on the date hereof. Nothing herein represents the undersigned's interpretation of any laws or the application of any laws to these facts.

HILLTOP SECURITIES
INC.

By:  _____

Name: Mary Williams

Title: Managing Director

November 1, 2016

ARBITRAGE REBATE REGULATIONS[©]

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

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

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

Effective Dates

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

The regulations provide numerous transitional rules for bonds sold prior to July 1, 1993. Moreover, since, under prior law, rules were previously published with respect to industrial development bonds and

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

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

Future Value Computation Method

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

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

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

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

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

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



used because these conventions were used to compute yield on the issue. The future value of these amounts, plus the computation credit, as of January 1, 1999, is:

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

General Method for Computing Yield on Bonds

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

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

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

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



bonds subject to mandatory early redemption, the yield is computed assuming the bonds are paid on the early redemption date for an amount equal to their value.

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

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

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

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

Earnings on Nonpurpose Investments

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

The regulations provide that an investment is allocated to an issue for the period (1) that begins on the date gross proceeds are used to acquire the investment, and (2) that ends on the date such investment ceases to be allocated to the issue. In general, proceeds are allocated to a bond issue until expended for the ultimate purpose for which the bond was issued or for which such proceeds are received (e.g., construction of a bond-financed facility or payment of debt service on the bonds). Deposit of gross proceeds to the general fund of the



issuer (or other fund in which they are commingled with revenues or taxes) does not eliminate or ameliorate the Issuer's obligation to compute rebate in most cases. As such, proceeds commingled with the general revenues of the issuer are not "freed-up" from the rebate obligation. An exception to this commingling limitation for bonds, other than private activity bonds, permits "investment earnings" (but not sale proceeds or other types of gross proceeds) to be considered spent when deposited to a commingled fund if those amounts are reasonably expected to be spent within six months. Other than for these amounts, issuers may consider segregating investments in order to more easily compute the amount of such arbitrage earnings by not having to allocate investments.

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

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

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

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

Reimbursement and Working Capital

The regulations provide rules for purposes of determining whether gross proceeds are used for working capital and, if so, at what times those proceeds are considered spent. In general, issuers can finance short-term or long-term working capital with tax-exempt bonds. By adopting a "proceeds-spent-last" rule, the regulations also generally require that an issuer actually incur a deficit (i.e., expenditures must exceed receipts)



for the computation period (which generally corresponds to the issuer's fiscal year in the case of short-term working capital financing). Also, the regulations permit an operating reserve, but unlike prior regulations the amount of such reserve may not exceed five percent of the issuer's actual working capital expenditures for the prior fiscal year. A change was made to the regulations in 2016 allows issuers to finance the operating reserve with proceeds of a tax-exempt obligation. The regulations generally continue the prior regulations' 13-month temporary period for short-term working capital financing.

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

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

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

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

Rebate Payments

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

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

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



Alternative Penalty Amount

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

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

Exceptions to Rebate

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

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

b. Spending Exceptions.

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

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

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



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

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

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

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

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



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

Conclusion

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

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

EXHIBIT "B"

January 1, 2018

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

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

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

I. Private Business Use

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

The term "use" includes both actual and beneficial use. As such, private business use may arise in a variety of ways. For example, ownership of a bond-financed facility by a non-governmental person is private business use. The leasing of a bond-financed facility by a non-governmental person can also cause a private business use problem. Along the same line,



management of such facilities by a non-governmental person can cause a problem with private business use, absent compliance with the management contract rules discussed below. Essentially, such use can occur in connection with any arrangement in which the non-governmental user has a preference to benefit from the proceeds or the facilities. Therefore, any arrangement which results in a non-governmental person being the ultimate beneficiary of the bond financing must be considered.

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

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

The tax rules provide that a contract that satisfies certain requirements is treated as a contract that does not give rise to private use of facilities financed with tax-exempt bonds (“Qualified Contract”). Additionally, certain arrangements that qualify as an eligible expense reimbursement arrangement do not give rise to private use.

A Qualified Contract is one that meets **all** of the following requirements:

- i. Compensation paid to the private manager must be reasonable;
- ii. The private manager cannot receive a share of “net profits” from the operation of the managed property;
- iii. The private manager cannot share in the net losses resulting from the operation of the managed property;
- iv. The contract’s term cannot exceed 30 years or 80 percent of the weighted average reasonably expected economic life of the managed property, if less;
- v. The governmental owner must exercise a significant degree of control over the actual use of the managed property;
- vi. The governmental owner must retain the risk of loss (for example, in cases of catastrophic events); and
- vii. The private manager cannot take an inconsistent tax position from the position taken by the governmental owner nor can it retain substantial ability to limit the governmental owner’s control rights.

Various factors must be evaluated when drafting a contract to ensure it meets this new safe-harbor, including the eligibility for, the amount of, and the timing of, compensation payments to the private manager, as well as the amount and contingency of, and the timing of operational losses borne by the private manager. Penalties for the inability to meet certain benchmarks are allowed, so long as they are determinable in a stated dollar amount, or a multiple thereof. Similarly, incentive compensations or bonuses are permissible, even if measured against



standards of quality of services, performance or productivity, so long as they are not based on the net profits from the management of the bond financed property.

An owner's control is significant so long as it retains control over the budget, the type of expenditures, dispositions of bond financed property and control over the general nature and type of use of those assets.

The tax rules also provide owner's flexibility when structuring compensation arrangements with private managers (which could include fixed, per capita, per unit or any other variable compensation arrangement and terms that could be as long as 30 years), as long as the term of the contract does not exceed the allowable term, including all renewal options, the owner retains significant controls over the venture, the compensation is reasonable and there is no sharing of net profit or net losses with the private manager.

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

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

II. How Much Private Business Use is Too Much?

In general, there is too much private business use if an amount in excess of 10 percent of the proceeds of the bond issue are to be used, directly or indirectly, in a trade or business carried on by persons other than governmental units, and other than as members of the general public. All trade or business use by persons on a basis different than that of the general public is aggregated for the 10 percent limit. Private business use is measured on a facility or bond issue basis. On a facility basis, such use is generally measured by relative square footage, fair market rental value or the percentage of cost allocable to the private use. On a bond issue basis, the proceeds of the bond issue are allocated to private and governmental (or public) use of the



facility to determine the amount of private business use over the term of the bond issue. Temporary use is not necessarily "bad" (i.e., private use) even though it results in more than 10 percent of the facility being so used. For example, if 100 percent of a facility is used for a period equal to five percent of the term of the bond such use may not adversely impact the bonds. The question is whether the benefits and burdens of ownership have transferred to the private user, as in the case of a sale, lease or management contract. If these benefits and burdens have not transferred, such use may be disregarded for purposes of private business use. In no event should private business use exceed \$15,000,000.

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

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

A bond is tested both (1) on the date of issue, and (2) over the term. The tests are applied to analyze the character of the bond on the date of issue, based on how the issuer expects to use the proceeds and the bond-financed property. This is known as the "**reasonable expectations**" standard. The tests also continuously are applied during the term of the bonds to determine whether there has been a deviation from those expectations. This is known as the "**change of use**" standard. When tested, bonds are viewed on an "issue-by-issue" basis. Generally, bonds secured by the same sources of funds are part of the same "issue" if they are sold within 15 days of one another.

IV. What is the reasonable expectations standard?

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

V. Change of Use Standard.

The disqualified private business use need not exist on the date of issue. Subsequent use by non-governmental persons also can cause a loss of tax-exemption. Post-issuance "change of use" of bond-financed facilities could result in the loss of the tax-exempt status of the bonds, unless certain elements exist which demonstrate the change was unforeseen. For this purpose, a change in use includes a failure to limit private business use subsequent to the date of issuance of the bonds. A reasonable expectation element requires that, as of the date of issue of the bonds, the governmental unit reasonably have expected to use the proceeds of the issue for qualified



facilities for the entire term of the issue. To fall within the safe harbor rules which avoid loss of tax-exempt status the governmental unit must assure that no circumstances be present which indicate an attempt to avoid directly or indirectly the requirements of federal income tax law.

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

VI. Written Procedures.

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

Exhibit "C"

February 26, 2020

Ms. Alison Mackey
Chief Financial Officer
Trinity River Authority of Texas
5300 S. Collins
Arlington, Texas 76018

Re: Trinity River Authority of Texas
Red Oak Creek System Revenue Refunding Bond, Series 2020

Dear Ms. Mackey:

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

The Issuer has determined that there are no unexpended original and investment proceeds of the outstanding bonds deposited to the capital projects fund.

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

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



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

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

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

As of January 1, 2018, tax-exempt bonds cannot be issued to advance refund another bond. While certain exceptions may apply, an advance refunding bond is one the proceeds of which are generally used to pay principal, interest or premium on another issue of bonds more than 90 days after the issue date of the refunding bond. **The Issuer should not use any proceeds of the bonds for the payment of principal, interest or premium on another issue of bonds without first discussing with Bond Counsel.**

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



The Service also wants some assurance that any failure to comply with the federal tax laws was not due to an issuer's intentional disregard or gross neglect of the responsibilities imposed on it by the federal tax laws. Therefore, to ensure post-issuance compliance, an issuer should consider adopting formalized written guidelines to help the issuer perform diligence reviews at regular intervals. The goal is for issuers to be able to timely identify and resolve violations of the laws necessary to maintain their obligations' tax-favored status. While the federal tax certificate, together with its attachments, may generally provide a basic written guideline when incorporated in an organizations' operations, the extent to which an organization has appropriate written compliance procedures in place is to be determined on a case-by-case basis. Moreover, the Service has indicated that written procedures should identify the personnel that adopted the procedures, the personnel that is responsible for monitoring compliance, the frequency of compliance check activities, the nature of the compliance check activities undertaken, and the date such procedures were originally adopted and subsequently updated, if applicable. The Service has stated that the adoption of such procedures will be a favorable factor that the Service will consider when determining the amount of any penalty to be imposed on an issuer in the event of an unanticipated and non-curable failure to comply with the tax laws.

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

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

Very truly yours,

McCALL, PARKHURST & HORTON L.L.P.

cc: Mr. Jeff H. Gulbas

Exhibit "D"

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of DNT Asset Trust (the "Purchaser"), hereby certifies as set forth below with respect to the purchase of the Red Oak Creek System Revenue Refunding Bond, Series 2020 (the "Bond") issued by Trinity River Authority of Texas (the "Issuer").

The Purchaser is purchasing the Bond as the first buyer of the Bond at a purchase price of \$6,510,000. The Purchaser is not acting as an Underwriter with respect to the Bond. The Purchaser has no present intention to sell, reoffer, or otherwise dispose of the Bond (or any portion of the Bond or any interest in the Bond). The Purchaser is not acquiring the Bond from the Issuer in consideration for the payment of property, other than money.

For purposes of this Certificate, the term "Underwriter" means (1) (i) a person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bond to a person (including an individual, trust, estate, partnership, association, company, or corporation) that is not an Underwriter, or (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bond to a person (including an individual, trust, estate, partnership, association, company, or corporation) that is not an Underwriter (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bond to the Public) and (2) any person who has more than 50 percent common ownership, directly or indirectly, with a person described in clause (1) of this paragraph.

The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Federal Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bond, and by McCall, Parkhurst & Horton L.L.P. in connection with rendering its opinion that the interest on the Bond is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bond.

EXECUTED and DELIVERED as of this March 30, 2020.

DNT ASSET TRUST, as Purchaser

By: _____



Name: _____

Alejandro Ramirez
Authorized Officer

Exhibit "E"

SCHEDULES OF FINANCIAL ADVISOR

[To be attached hereto]

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Red Oak Creek System - Red Oak, City of Sewer Project
Refunding Bonds, Series 2020
Per JPM rate of 1.85% (2/26/2020)
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SOURCES AND USES OF FUNDS

Red Oak Creek System - Red Oak, City of Sewer Project
Refunding Bonds, Series 2020
Per JPM rate of 1.85% (2/26/2020)
****Final Numbers****

Dated Date 03/30/2020
Delivery Date 03/30/2020

Sources:

Bond Proceeds:	
Par Amount	6,510,000.00
Other Sources of Funds:	
Transfer from prior DSRF	115,824.57
	<hr/>
	6,625,824.57
	<hr/>

Uses:

Refunding Escrow Deposits:	
Cash Deposit	6,521,102.51
Delivery Date Expenses:	
Cost of Issuance	100,000.00
Other Uses of Funds:	
Additional Proceeds	4,722.06
	<hr/>
	6,625,824.57
	<hr/>

BOND SUMMARY STATISTICS

Red Oak Creek System - Red Oak, City of Sewer Project Refunding Bonds, Series 2020 Per JPM rate of 1.85% (2/26/2020)

****Final Numbers****

Dated Date	03/30/2020
Delivery Date	03/30/2020
First Coupon	08/01/2020
Last Maturity	02/01/2031
Arbitrage Yield	1.850132%
True Interest Cost (TIC)	1.850132%
Net Interest Cost (NIC)	1.850000%
All-In TIC	2.069342%
Average Coupon	1.850000%
Average Life (years)	7.710
Weighted Average Maturity (years)	7.710
Duration of Issue (years)	7.143
Par Amount	6,510,000.00
Bond Proceeds	6,510,000.00
Total Interest	928,572.04
Net Interest	928,572.04
Bond Years from Dated Date	50,193,083.33
Bond Years from Delivery Date	50,193,083.33
Total Debt Service	7,438,572.04
Maximum Annual Debt Service	1,352,395.00
Average Annual Debt Service	686,461.40
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	
Total Underwriter's Discount	
Bid Price	100.000000

Bond Component	Par Value	Price	Average Coupon	Average Life	Average Maturity Date	Duration	PV of 1 bp change
Serial Bond	6,510,000.00	100.000	1.850%	7.710	12/15/2027	7.143	4,635.70
	6,510,000.00			7.710			4,635.70

	TIC	All-In TIC	Arbitrage Yield
Par Value	6,510,000.00	6,510,000.00	6,510,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount			
- Cost of Issuance Expense		-100,000.00	
- Other Amounts			
Target Value	6,510,000.00	6,410,000.00	6,510,000.00
Target Date	03/30/2020	03/30/2020	03/30/2020
Yield	1.850132%	2.069342%	1.850132%

BOND PRICING

**Red Oak Creek System - Red Oak, City of Sewer Project
Refunding Bonds, Series 2020
Per JPM rate of 1.85% (2/26/2020)
Final Numbers**

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Serial Bond:					
	02/01/2021	305,000	1.850%	1.850%	100.000
	02/01/2022	310,000	1.850%	1.850%	100.000
	02/01/2023	310,000	1.850%	1.850%	100.000
	02/01/2024	315,000	1.850%	1.850%	100.000
	02/01/2025	320,000	1.850%	1.850%	100.000
	02/01/2026	330,000	1.850%	1.850%	100.000
	02/01/2027	335,000	1.850%	1.850%	100.000
	02/01/2028	340,000	1.850%	1.850%	100.000
	02/01/2029	1,290,000	1.850%	1.850%	100.000
	02/01/2030	1,315,000	1.850%	1.850%	100.000
	02/01/2031	1,340,000	1.850%	1.850%	100.000
		6,510,000			

Dated Date	03/30/2020	
Delivery Date	03/30/2020	
First Coupon	08/01/2020	
Par Amount	6,510,000.00	
Original Issue Discount		
Production	6,510,000.00	100.000000%
Underwriter's Discount		
Purchase Price	6,510,000.00	100.000000%
Accrued Interest		
Net Proceeds	6,510,000.00	

BOND DEBT SERVICE

Red Oak Creek System - Red Oak, City of Sewer Project
Refunding Bonds, Series 2020
Per JPM rate of 1.85% (2/26/2020)
****Final Numbers****

Period Ending	Principal	Interest	Debt Service
11/30/2020		40,479.54	40,479.54
11/30/2021	305,000	117,613.75	422,613.75
11/30/2022	310,000	111,925.00	421,925.00
11/30/2023	310,000	106,190.00	416,190.00
11/30/2024	315,000	100,408.75	415,408.75
11/30/2025	320,000	94,535.00	414,535.00
11/30/2026	330,000	88,522.50	418,522.50
11/30/2027	335,000	82,371.25	417,371.25
11/30/2028	340,000	76,127.50	416,127.50
11/30/2029	1,290,000	61,050.00	1,351,050.00
11/30/2030	1,315,000	36,953.75	1,351,953.75
11/30/2031	1,340,000	12,395.00	1,352,395.00
	6,510,000	928,572.04	7,438,572.04

BOND DEBT SERVICE

Red Oak Creek System - Red Oak, City of Sewer Project
Refunding Bonds, Series 2020
Per JPM rate of 1.85% (2/26/2020)
****Final Numbers****

Period Ending	Principal	Interest	Debt Service
08/01/2020		40,479.54	40,479.54
02/01/2021	305,000	60,217.50	365,217.50
08/01/2021		57,396.25	57,396.25
02/01/2022	310,000	57,396.25	367,396.25
08/01/2022		54,528.75	54,528.75
02/01/2023	310,000	54,528.75	364,528.75
08/01/2023		51,661.25	51,661.25
02/01/2024	315,000	51,661.25	366,661.25
08/01/2024		48,747.50	48,747.50
02/01/2025	320,000	48,747.50	368,747.50
08/01/2025		45,787.50	45,787.50
02/01/2026	330,000	45,787.50	375,787.50
08/01/2026		42,735.00	42,735.00
02/01/2027	335,000	42,735.00	377,735.00
08/01/2027		39,636.25	39,636.25
02/01/2028	340,000	39,636.25	379,636.25
08/01/2028		36,491.25	36,491.25
02/01/2029	1,290,000	36,491.25	1,326,491.25
08/01/2029		24,558.75	24,558.75
02/01/2030	1,315,000	24,558.75	1,339,558.75
08/01/2030		12,395.00	12,395.00
02/01/2031	1,340,000	12,395.00	1,352,395.00
	6,510,000	928,572.04	7,438,572.04

AGGREGATE DEBT SERVICE

Red Oak Creek System - Red Oak, City of Sewer Project
Refunding Bonds, Series 2020
Per JPM rate of 1.85% (2/26/2020)
****Final Numbers****

Period Ending	Refunding Bonds, Series 2020	Other D/S	Aggregate Debt Service
11/30/2020	40,479.54	1,749,440.13	1,789,919.67
11/30/2021	422,613.75	7,992,013.26	8,414,627.01
11/30/2022	421,925.00	7,935,479.76	8,357,404.76
11/30/2023	416,190.00	7,880,164.76	8,296,354.76
11/30/2024	415,408.75	7,891,182.26	8,306,591.01
11/30/2025	414,535.00	7,898,536.01	8,313,071.01
11/30/2026	418,522.50	7,913,831.26	8,332,353.76
11/30/2027	417,371.25	7,962,813.76	8,380,185.01
11/30/2028	416,127.50	7,988,530.01	8,404,657.51
11/30/2029	1,351,050.00	5,429,463.76	6,780,513.76
11/30/2030	1,351,953.75	5,472,893.76	6,824,847.51
11/30/2031	1,352,395.00	5,476,068.76	6,828,463.76
11/30/2032		5,023,128.13	5,023,128.13
11/30/2033		4,631,425.00	4,631,425.00
11/30/2034		4,202,875.00	4,202,875.00
11/30/2035		4,201,950.00	4,201,950.00
11/30/2036		4,196,025.00	4,196,025.00
11/30/2037		4,202,775.00	4,202,775.00
11/30/2038		3,963,725.00	3,963,725.00
11/30/2039		1,481,900.00	1,481,900.00
	7,438,572.04	113,494,220.62	120,932,792.66

SUMMARY OF REFUNDING RESULTS

Red Oak Creek System - Red Oak, City of Sewer Project
Refunding Bonds, Series 2020
Per JPM rate of 1.85% (2/26/2020)
****Final Numbers****

Dated Date	03/30/2020
Delivery Date	03/30/2020
Arbitrage yield	1.850132%
Escrow yield	0.000000%
Value of Negative Arbitrage	
Bond Par Amount	6,510,000.00
True Interest Cost	1.850132%
Net Interest Cost	1.850000%
All-In TIC	2.069342%
Average Coupon	1.850000%
Average Life	7.710
Weighted Average Maturity	7.710
Par amount of refunded bonds	6,480,000.00
Average coupon of refunded bonds	3.997728%
Average life of refunded bonds	7.880
Remaining weighted average maturity of refunded bonds	7.880
PV of prior debt to 03/30/2020 @ 2.069342%	7,413,257.90
Net PV Savings	892,155.39
Percentage savings of refunded bonds	13.767830%

SAVINGS

Red Oak Creek System - Red Oak, City of Sewer Project
Refunding Bonds, Series 2020
Per JPM rate of 1.85% (2/26/2020)
****Final Numbers****

Date	Prior Debt Service	Refunding Debt Service	Savings	Present Value to 03/30/2020 @ 2.0693420%
11/30/2020	125,397.50	40,479.54	84,917.96	84,332.39
11/30/2021	516,812.50	422,613.75	94,198.75	91,946.76
11/30/2022	518,490.00	421,925.00	96,565.00	92,366.19
11/30/2023	509,600.00	416,190.00	93,410.00	87,524.27
11/30/2024	510,192.50	415,408.75	94,783.75	87,028.65
11/30/2025	509,785.00	414,535.00	95,250.00	85,701.37
11/30/2026	513,171.25	418,522.50	94,648.75	83,449.23
11/30/2027	510,770.00	417,371.25	93,398.75	80,691.73
11/30/2028	512,717.50	416,127.50	96,590.00	81,794.43
11/30/2029	1,444,902.50	1,351,050.00	93,852.50	77,966.50
11/30/2030	1,446,262.50	1,351,953.75	94,308.75	76,879.02
11/30/2031	1,444,361.25	1,352,395.00	91,966.25	73,577.38
	8,562,462.50	7,438,572.04	1,123,890.46	1,003,257.90

Savings Summary

PV of savings from cash flow	1,003,257.90
Less: Prior funds on hand	-115,824.57
Plus: Refunding funds on hand	4,722.06
Net PV Savings	892,155.39

SUMMARY OF BONDS REFUNDED

Red Oak Creek System - Red Oak, City of Sewer Project
Refunding Bonds, Series 2020
Per JPM rate of 1.85% (2/26/2020)
****Final Numbers****

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
\$8,280,000 Red Oak Creek System Revenue Bonds Series 2009, 2009, SERIAL:					
	02/01/2021	2.950%	270,000.00	03/30/2020	100.000
	02/01/2022	3.100%	280,000.00	03/30/2020	100.000
	02/01/2023	3.250%	280,000.00	03/30/2020	100.000
	02/01/2024	3.350%	290,000.00	03/30/2020	100.000
	02/01/2025	3.700%	300,000.00	03/30/2020	100.000
	02/01/2026	3.850%	315,000.00	03/30/2020	100.000
	02/01/2027	3.900%	325,000.00	03/30/2020	100.000
	02/01/2028	3.950%	340,000.00	03/30/2020	100.000
	02/01/2029	4.000%	1,305,000.00	03/30/2020	100.000
	02/01/2030	4.050%	1,360,000.00	03/30/2020	100.000
	02/01/2031	4.150%	1,415,000.00	03/30/2020	100.000
			6,480,000.00		

ESCROW REQUIREMENTS

Red Oak Creek System - Red Oak, City of Sewer Project
Refunding Bonds, Series 2020
Per JPM rate of 1.85% (2/26/2020)
****Final Numbers****

Period Ending	Interest	Principal Redeemed	Total
03/30/2020	41,102.51	6,480,000.00	6,521,102.51
	41,102.51	6,480,000.00	6,521,102.51

ESCROW COST

Red Oak Creek System - Red Oak, City of Sewer Project
Refunding Bonds, Series 2020
Per JPM rate of 1.85% (2/26/2020)
****Final Numbers****

Purchase Date	Cost of Securities	Cash Deposit	Total Escrow Cost
03/30/2020		6,521,102.51	6,521,102.51
	0	6,521,102.51	6,521,102.51

ESCROW SUFFICIENCY

Red Oak Creek System - Red Oak, City of Sewer Project
Refunding Bonds, Series 2020
Per JPM rate of 1.85% (2/26/2020)
****Final Numbers****

Date	Escrow Requirement	Net Escrow Receipts	Excess Receipts	Excess Balance
03/30/2020	6,521,102.51	6,521,102.51		
	6,521,102.51	6,521,102.51	0.00	

FORMULA VERIFICATION

Red Oak Creek System - Red Oak, City of Sewer Project
Refunding Bonds, Series 2020
Per JPM rate of 1.85% (2/26/2020)
****Final Numbers****

Component	Formula	Value
DSRF	Total aggregate Debt Service / 19	6,364,883.82
DSRF	- 6,480,708.39	-6,480,708.39
DSRF	Debt Service Reserve Fund	-115,824.57
FORM	6,480,708.39	6,480,708.39
FORM	- (total aggregate Debt Service / 19)	-6,364,883.82
FORM	Other Formula	115,824.57

FORM 8038 STATISTICS

Red Oak Creek System - Red Oak, City of Sewer Project
Refunding Bonds, Series 2020
Per JPM rate of 1.85% (2/26/2020)
****Final Numbers****

Dated Date 03/30/2020
Delivery Date 03/30/2020

Bond Component	Date	Principal	Coupon	Price	Issue Price	Redemption at Maturity
Serial Bond:						
	02/01/2021	305,000.00	1.850%	100.000	305,000.00	305,000.00
	02/01/2022	310,000.00	1.850%	100.000	310,000.00	310,000.00
	02/01/2023	310,000.00	1.850%	100.000	310,000.00	310,000.00
	02/01/2024	315,000.00	1.850%	100.000	315,000.00	315,000.00
	02/01/2025	320,000.00	1.850%	100.000	320,000.00	320,000.00
	02/01/2026	330,000.00	1.850%	100.000	330,000.00	330,000.00
	02/01/2027	335,000.00	1.850%	100.000	335,000.00	335,000.00
	02/01/2028	340,000.00	1.850%	100.000	340,000.00	340,000.00
	02/01/2029	1,290,000.00	1.850%	100.000	1,290,000.00	1,290,000.00
	02/01/2030	1,315,000.00	1.850%	100.000	1,315,000.00	1,315,000.00
	02/01/2031	1,340,000.00	1.850%	100.000	1,340,000.00	1,340,000.00
		6,510,000.00			6,510,000.00	6,510,000.00

	Maturity Date	Interest Rate	Issue Price	Stated Redemption at Maturity	Weighted Average Maturity	Yield
Final Maturity	02/01/2031	1.850%	1,340,000.00	1,340,000.00		
Entire Issue			6,510,000.00	6,510,000.00	7.7102	1.8501%

Proceeds used for accrued interest	0.00
Proceeds used for bond issuance costs (including underwriters' discount)	100,000.00
Proceeds used for credit enhancement	0.00
Proceeds allocated to reasonably required reserve or replacement fund	0.00
Proceeds used to refund prior tax-exempt bonds	6,521,102.51
Proceeds used to refund prior taxable bonds	0.00
Remaining WAM of prior tax-exempt bonds (years)	7.8801
Remaining WAM of prior taxable bonds (years)	0.0000
Last call date of refunded tax-exempt bonds	03/30/2020

2011 Form 8038 Statistics

Proceeds used to currently refund prior issues	6,521,102.51
Proceeds used to advance refund prior issues	0.00
Remaining weighted average maturity of the bonds to be currently refunded	7.8801
Remaining weighted average maturity of the bonds to be advance refunded	0.0000

Exhibit "F"

TEXAS WATER DEVELOPMENT BOARD REPRESENTATIONS

[To be attached hereto]

TEXAS WATER DEVELOPMENT BOARD
REPRESENTATIONS

March 18, 2020

Re: Trinity River Authority of Texas Red Oak Creek System Revenue Bonds, Series 2009
TWDB's Commitment Number: L100033

The Trinity River Authority of Texas (the "Borrower") issued its Red Oak Creek System Revenue Bonds, Series 2009 (the "Original Bonds") to the Texas Water Development Board (the "Board"). The Board was informed by the Borrower that the Borrower will refund its Original Bonds with proceeds of the Borrower's Red Oak Creek System Revenue Refunding Bond, Series 2020 to be issued on March 30, 2020 (the "Refunding Bond") and call the Original Bonds on a date that is less than 90 days from the issue date of the Refunding Bond. The Borrower informed the Board that the yield on the Refunding Bond is 1.8501%.

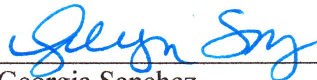
To the best of its knowledge, information and belief, the Board represents that, as of the date hereof:

The Board purchased the Original Bonds with program funds other than tax-exempt bonds proceeds.

Nothing in this statement is a guarantee, warranty or opinion with respect to the federal tax status of the Refunding Bond.

TEXAS WATER DEVELOPMENT BOARD

By:



Georgia Sanchez,

Development Fund Manager

May 4, 2020

VIA UPS NEXT DAY AIR #1Z 564 04W 01 9769 0562

Internal Revenue Service Center
1973 North Rulon White Boulevard
Ogden, Utah 84201-1000


Re: Information Reporting - Tax-Exempt Bonds
Trinity River Authority of Texas
Red Oak Creek System Revenue Refunding Bond, Series 2020

Ladies and Gentlemen:

Pursuant to the requirements of Section 149(e) of the Internal Revenue Code of 1986, enclosed please find an original of Form 8038-G which is hereby submitted to you for the above-captioned bonds issued March 30, 2020.

Sincerely,

McCALL, PARKHURST & HORTON L.L.P.



Stefano Taverna

ST: vd
Enclosures
cc: Mr. Jeff H. Gulbas

Form **8038-G**

(Rev. September 2018)

Department of the Treasury
Internal Revenue Service**Information Return for Tax-Exempt Governmental Bonds**

► Under Internal Revenue Code section 149(e)

► See separate instructions.

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

► Go to www.irs.gov/F8038G for instructions and the latest information.

OMB No. 1545-0720

Part I Reporting AuthorityIf Amended Return, check here ☐

1 Issuer's name Trinity River Authority of Texas		2 Issuer's employer identification number (EIN) 75-6005084
3a Name of person (other than issuer) with whom the IRS may communicate about this return (see instructions) None		3b Telephone number of other person shown on 3a N/A
4 Number and street (or P.O. box if mail is not delivered to street address) P.O. Box 60	Room/suite	5 Report number (For IRS Use Only) 3
6 City, town, or post office, state, and ZIP code Arlington, Texas 76004		7 Date of issue 03/30/2020
8 Name of issue Red Oak Creek System Revenue Refunding Bond, Series 2020		9 CUSIP number None
10a Name and title of officer or other employee of the issuer whom the IRS may call for more information (see instructions) Alison Mackey, Chief Financial Officer		10b Telephone number of officer or other employee shown on 10a (817) 493-5118

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

11 Education	11	
12 Health and hospital	12	
13 Transportation	13	
14 Public safety	14	
15 Environment (including sewage bonds)	15	6,510,000
16 Housing	16	
17 Utilities	17	
18 Other. Describe ►	18	
19a If bonds are TANs or RANs, check only box 19a		<input type="checkbox"/>
b If bonds are BANs, check only box 19b		<input type="checkbox"/>
20 If bonds are in the form of a lease or installment sale, check box		<input type="checkbox"/>

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

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	02/01/2031	\$ 6,510,000	\$ 6,510,000	7.71 years	1.8501 %

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

22 Proceeds used for accrued interest	22	0
23 Issue price of entire issue (enter amount from line 21, column (b))	23	6,510,000
24 Proceeds used for bond issuance costs (including underwriters' discount)	24	100,000
25 Proceeds used for credit enhancement	25	0
26 Proceeds allocated to reasonably required reserve or replacement fund	26	0
27 Proceeds used to refund prior tax-exempt bonds. Complete Part V	27	6,405,278
28 Proceeds used to refund prior taxable bonds. Complete Part V	28	0
29 Total (add lines 24 through 28)	29	6,505,278
30 Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	30	4,722

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

31 Enter the remaining weighted average maturity of the tax-exempt bonds to be refunded	7.88	years
32 Enter the remaining weighted average maturity of the taxable bonds to be refunded	N/A	years
33 Enter the last date on which the refunded tax-exempt bonds will be called (MM/DD/YYYY)	03/30/2020	
34 Enter the date(s) the refunded bonds were issued ► (MM/DD/YYYY)	12/22/2009	

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 63773S

Form **8038-G** (Rev. 9-2018)

Part VI Miscellaneous

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

Signature and Consent

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

Alison A. Mackey 3/19/20
Signature of issuer's authorized representative Date

Alison Mackey, Chief Financial Officer
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name
Harold T. Flanagan

Preparer's signature
Harold T. Flanagan

Date
03/10/20

Check ☐ if self-employed

PTIN
P01071147

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

Firm's EIN ► 75-0799392

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

Phone no. 214-754-9200

CLOSING CERTIFICATE

I, the undersigned General Manager of the Trinity River Authority of Texas (the "*Issuer*"), hereby certify as follows:

1. This certificate is executed for and on behalf of said Issuer with reference to the issuance and delivery of the Trinity River Authority of Texas Red Oak Creek System Revenue Refunding Bond, Series 2020, authorized by a resolution (the "*Bond Resolution*") adopted by the Board of Directors of the Issuer on February 26, 2020 (the "*Bond*") pursuant to the Direct Bond Purchase Agreement by and between the Issuer and DNT Asset Trust, as the purchaser of the Bond (the "*Purchase Contract*").

2. The representations and warranties of the Issuer contained in the Purchase Contract are true and correct in all material respects on and as of the date of Closing (as defined in the Purchase Contract) as if made on the date of Closing.

3. No litigation or proceeding or tax challenge against the Issuer is pending or, to my knowledge, threatened in any court or administrative body nor, to my knowledge, is there a basis for litigation which would (a) contest the right of the members or officials of the Issuer to hold and exercise their respective positions, (b) contest the due organization and valid existence of the Issuer or the Issuer's authority to own and operate the Red Oak Creek System (as defined in the Bond Resolution), (c) contest the validity, due authorization and execution of the Bond, the Purchase Contract or the Contracts (as defined in the Bond Resolution), (d) attempt to limit, enjoin or otherwise restrict or prevent the Issuer from functioning and collecting revenues, including for making payments on the Bond, pursuant to the Bond Resolution, or pledging Pledged Revenues (as defined in the Bond Resolution) to the payment of the principal of and interest on the Bond or (e) contest the validity, due authorization or enforceability of the Contracts.

4. The Bond Resolution was duly adopted by the Issuer, is in full force and effect and has not been modified, amended or repealed, and the Purchase Contract has been duly executed and delivered by the General Manager of the Issuer and is in full force and effect and has not been modified, amended or repealed.

5. There has not been any materially adverse change in the financial condition of the Issuer since November 30, 2018, the latest date as of which audited financial information is available.

DATED: March 30, 2020.


J. Kevin Ward; General Manager

TRINITY RIVER AUTHORITY OF TEXAS

February 26, 2020

DNT Asset Trust
PO Box 2050
Fort Worth, TX 76113-2050

Re: Trinity River Authority of Texas Red Oak Creek System Revenue Refunding Bond,
Series 2020

Ladies and Gentlemen:

The Issuer of the Trinity River Authority of Texas Red Oak Creek System Revenue Refunding Bond, Series 2020 (the "*Bond*") has designated your bank as the place, and as their agent, for the delivery and payment of the Bond. The Bond, which initially has been issued as a single fully registered bond, will be sent to you in the near future, together with a certified copy of the resolution authorizing the Bond.

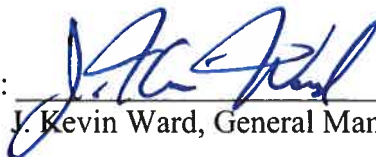
Upon your receipt of the final unqualified approving legal opinion of McCall, Parkhurst & Horton L.L.P. as to the validity of the Bond, you are authorized and directed to deliver the Bond to the Purchaser thereof, when you have received payment for the Bond, in accordance with the closing instructions *attached hereto*.

You are further authorized and directed to cause the proceeds of the Bond to be distributed and deposited, and the Bond to be delivered to the Purchaser and the closing documents to be dated and distributed, in accordance with the attached Closing Memorandum.

Sincerely yours,

Trinity River Authority of Texas

By:


J. Kevin Ward, General Manager

Attachments: Closing Memorandum

March 30, 2020

JPMorgan
as Purchaser
Att'n: Mike Wilson
420 Throckmorton, 4th Floor
Fort Worth, Texas 76102
(817) 884-4283
mike.m.wilson@jpmorgan.com

Ann Marie Daniel
2200 Ross Avenue, 8th Floor
Dallas, Texas 75201
(214) 965-3881
Annmarie.daniel@jpmorgan.com

Joan Uphoff
712 Main Street, 9th Floor
Houston, Texas 77002
(713) 216-4260
Joan.uphoff@jpmorgan.com

Bank of New York Mellon, N.A.
As Paying Agent for Refunded and Refunding
Bonds
2001 Bryan Street, 11th Floor
Dallas, Texas 75201

Elizabeth Bernard-Polk
(214) 468-5053
elizabeth.bernard-polk@bnymellon.com

Trinity River Authority of Texas
as Issuer
Att'n: Kevin Ward
5300 S. Collins
Arlington, Texas 76018
(817) 468-5113
wardk@trinityra.org

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

McCall, Parkhurst & Horton L.L.P.
as Bond Counsel
Att'n: Chuck Kobdish/Jeff Gulbas
717 North Harwood, Ninth Floor
Dallas, Texas 75201-6587
(214) 220-2800
ckobdish@mphlegal.com
jgulbas@mphlegal.com

Hilltop Securities, Inc.
as Financial Advisor
Att'n: Mary Williams
1201 Elm Street, Suite 3500
Dallas, Texas 75270
(214) 953-4021
mary.williams@hilltopsecurities.com

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

Hunton Andrews Kurth LLP
As Bank Counsel
Att'n: Clay Holland
600 Travis Ste. 4200
Houston, Texas 77002
(713) 220-3868
clayholland@huntonak.com

CLOSING MEMORANDUM

RE: \$6,510,000 Trinity River Authority of Texas Red Oak Creek System Revenue Refunding Bonds, Series 2020 (the "Bonds").

1. Date of Closing: Monday, March 30, 2020
2. Time of Closing: 10:00 A.M. CT
3. Location of Closing: McCall, Parkhurst & Horton L.L.P., Dallas, Texas

Sources:

Bond Proceeds	\$	6,510,000.00
Transfer from prior Debt Service Reserve Fund		<u>115,824.57</u>
	\$	6,625,824.57

Uses:

Cash Deposit of Refunding Escrow	\$ 6,521,102.51
Costs of Issuance (includes rounding)	<u>104,722.06</u>
	\$ 6,625,824.57

Monday, March 30, 2020,

1. JPMorgan will wire **\$6,510,000.00** to Bank of New York Mellon (the "Bank") (i) representing \$6,405,277.94 in proceeds of the Series 2020 Bond to be deposited into the debt service fund for the Red Oak Creek System Revenue Bonds, Series 2009 (the "Refunded Bonds") for the purpose of redeeming all outstanding bonds and \$104,722.06 of costs of issuance and rounding amount.
2. Trinity River Authority will wire **\$110,372.51** to Bank of New York Mellon, representing the transfer of prior debt service reserve funds in the amount of \$115,824.57 less the rounding amount of \$5,452.06, to be deposited into the debt service fund to be used for the redemption of the Refunded Bonds.

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

To: The Bank of New York Mellon
ABA: 021000018
Acct #: 4284958400
Account Name: Dallas Agency Bond Proceeds
ATTN: Elizabeth Bernard-Polk (214) 468-5053

The Bank of New York Mellon will receive a total of **\$6,625,824.57**.

- A. The Bank will transfer **\$6,521,102.51** from the debt service fund to the Texas Water Development Board for the purpose of redeeming \$6,480,000 principal and \$41,102.51 interest of the Series 2009 bonds on the redemption date of March 30, 2020.
- B. The Bank will retain **\$1,050.00** representing the one-time upfront Series 2020 paying agent fee and redemption fee of the Refunded Bonds as set forth in Exhibit A.
- C. The Bank will wire transfer **\$55,560.00** to Plains Capital Bank, 325 N. St. Paul St., Suite 175, Dallas, Texas 75201, ABA #1113-2299-4, Account #7542113500 (for credit to McCall, Parkhurst, & Horton L.L.P. Operating Account) Reference # 2512.234 TRA, representing \$47,550.00 payment of bond counsel fees, \$1,500.00 of expenses and \$6,510.00 reimbursement of the Attorney General fee as set forth in Exhibit A.
- D. The Bank will wire transfer **\$34,660.00** to JPMorgan Chase Bank, N.A., ABA #021-000-021, Beneficiary: Hilltop Securities, Inc., Account #08805076955, FFC #: 0250-143, TRA Red Oak Creek System 2020, Attention: Settlement Dept., for payment of financial advisory services and miscellaneous expenses set forth in Exhibit A.
- E. The Bank will wire transfer **\$8,000.00** to SunTrust Bank, Richmond, VA, Account Name: Hunton Andrews Kurth LLP Operating, Account Number: 001458094, ABA Transit: 061000104, File: 017034.0000009, Inv: 131764874, Date: 03/17/2020, representing the Bank Counsel fee to Hunton Andrews Kurth LLP as set forth in Exhibit A.

Please call Mary Williams (214-953-4021) or Ester Flores (214-953-8863) with any questions or comments regarding the above information.



Trinity River Authority of Texas

Exhibit A

Costs of Issuance	
Financial Advisory Fee.....	\$ 34,285.00
Financial Advisory Expenses.....	\$ 125.00
Financial Advisory Disclosure Lookback.....	\$ 250.00
Bond Counsel.....	\$ 47,550.00
Bond Counsel Expenses.....	\$ 1,500.00
Attorney General.....	\$ 6,510.00
Bank Counsel.....	\$ 8,000.00
Redemption Fee (BONY)	\$ 300.00
Paying Agent (BONY)(Upfront fee)	\$ 750.00
Miscellaneous	\$ 5,452.06
Total	\$ 104,722.06



J.P.Morgan

Borrower Administrative Questionnaire (“BAQ”)

V1.0_11_20_18

What is this form?

The form allows you to:

- designate loan contacts and give them certain permissions
- issue standing and one time funds transfer and other instructions (Instructions) for ongoing advances
- issue Instructions for a one time funding

How do you complete the form?

Check the relevant box to tell us if you are:

- completing the BAQ for a new borrower
- adding information to an earlier BAQ, or
- replacing all of the borrower’s earlier BAQs.

Complete:

- all Parts from 1 through 4 that are relevant to you, and
- Parts 2 and 4 with original signatures. Note you will need to print and sign the form.

So we can fund loan advances promptly, return the form to us prior to loan closing using:

- email: syndications.closing.unit@jpmorgan.com, or
 - fax: (844) 492-3894.
-

Part 1: Borrower Information

Borrower details

Name	Trinity River Authority of Texas				
Address	Country	United States			
	Street	5300 S. Collins			
	City	Arlington	State	Texas	ZIP Code

Questionnaire type

☐ New borrower ☐ Add to borrower's earlier BAQ ☒ Replace all of the borrower's earlier BAQs

New customers: Check the "New" box above, complete Sections 1-4, as appropriate.

Existing customers: Check either "Add" or "Replace" above to update your information. Your Loan Servicer can provide you with copies of prior BAQs. Complete Sections 1-4, as needed, to provide information.


Part 2: Designate loan contacts and grant permissions


In addition to the persons authorized to receive notices and other communications under the Credit/Loan Agreement, each Authorized Signer grants permission to each loan contact specified below to take the actions indicated by checking the relevant boxes and having such loan contact sign below.

If this form is for a new borrower:

- make sure each permission type has at least one loan contact, and
- consider giving contacts multiple permissions to avoid funding or other delays.


Loan contact

Name	Alison A. Mackey
Title	Chief Financial Officer
Phone	817-493-5118
Fax	817-557-2612
Email	mackeya@trinityra.org
Signature	

 SIGN HERE

Permissions

- ☐ Request advances and (if applicable) make interest rate and period elections
- ☒ Receive callbacks and confirm advances
- ☒ Receive notifications about the loan
- ☒ Receive billing statements

Loan contact		Permissions
Name	Anthony Li	<input type="checkbox"/> Request advances and (if applicable) make interest rate and period elections
Title	Manager, Cash and Capital Projects	<input type="checkbox"/> Receive callbacks and confirm advances
Phone	817-493-5121	<input checked="" type="checkbox"/> Receive notifications about the loan
Fax	817-557-2612	<input checked="" type="checkbox"/> Receive billing statements
Email	lia@trinityra.org	
Signature		
	<div style="border: 2px solid red; padding: 2px; display: inline-block;">SIGN HERE</div>	

Part 3: Issue Instructions for loan advances

JPMorgan Chase Bank, N.A. (we, our, and us) can wire loan advances:

- consistently with the borrower's wire Instructions below
- to any account you list below or in an update to this form, and
- only if you provide the full account and routing numbers without any masking of numbers.

Choose the relevant tables for domestic or non-US wire Instructions.

Domestic wire Instructions			
<input checked="" type="checkbox"/> Check here if these Instructions are for one-time use only.			
Bank name	The Bank of New York Mellon	Bank ABA number	021000018
Account name	Dallas Agency Bond Proceeds	Account number	4284958400
FFC account name (For further credit)		FFC account number (For further credit)	
Attention	Elizabeth Bernard-Polk 214-468-5053		
Include any special Instructions here:	Trinity River Authority of Texas Red Oak Creek System Revenue Refunding Bonds, Series 2020 SEE ATTACHED CLOSING MEMO INSTRUCTIONS		

Non-US wire Instructions

☐ Check here if these Instructions are for one-time use only.

Currency

Bank name

SWIFT BIC

Account name

Account number

FFC account name

FFC account number

Attention

Include any special
Instructions here:

Part 4: Sign here

Each Authorized Signer should sign below when the form is complete. We only require one Authorized Signer, unless the borrowing resolutions require otherwise.

Authorized Signer

I certify that one or more borrowing resolutions authorizes me to:

- act on the borrower's behalf for all loans they obtain from JPMorgan Chase Bank, N.A., and
- execute this agreement.

I agree to this BAQ including the attached Service Terms for the borrower and grant each loan contact the permissions in Part 2, which apply to all of the borrower's credit facilities.

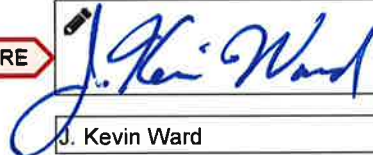
Signature

SIGN HERE



Signature

SIGN HERE



Name

Alison A. Mackey

Name

J. Kevin Ward

Title

Chief Financial Officer

Title

General Manager

Phone

817-493-5118

Phone

817-493-5112

Email

mackeya@trinityra.org

Email

wardk@trinityra.org

Date

Date

ServiceTerms

Each Authorized Signer agrees to the following

The Security Procedure	<p>We may use the following procedure to verify funds transfer instructions:</p> <ul style="list-style-type: none">• We determine that the Instruction was given in the name of a loan contact with permission to request advances, and• We confirm Instructions over a certain dollar amount given in the name of a loan contact having permission to receive callbacks by our using the contact information you have provided. <p>Once we have done a callback verification for a certain payee, we do not have to do so again for that payee. We set and can change the dollar amount for Instructions we will confirm.</p>
Authorizing Security Administrators	<p>Anyone the borrower appoints as a Security Administrator, System Administrator or equivalent (collectively, Security Administrators) on any of our online banking services is authorized to:</p> <ul style="list-style-type: none">• perform any of that service's user entitlement functions• manage all of the borrower's credit facilities online, and• appoint Authorized Users, including a Security Administrator. <p>For transactions through such a service, the Security Procedure, loan advance authorization, and our other rights and remedies under the relevant online banking agreements prevail if they conflict with these Service Terms.</p>
Authorized loan advances	<p>A loan advance is agreed to be authorized if the proceeds are paid:</p> <ul style="list-style-type: none">• as specified by a standing Instruction or a loan contact who has permission to request advances• to any account in the borrower's name, for its benefit or under its control at any financial institution, or• consistently with any Instruction we verify using the Security Procedure. <p>We can:</p> <ul style="list-style-type: none">• require that the proceeds are paid to a bank account in the borrower's name, and• decline any request for proceeds until we verify the Instruction using the Security Procedure and we have received all tax and other compliance information that we determine is necessary.
Following payment Instructions	<p>For a payment to be effective, we must actually receive such payment and such payment must be:</p> <ul style="list-style-type: none">• made consistently with the payment Instructions in Appendix A (if applicable), which we can update or replace from time to time,• in an eligible currency the relevant loan documents specify, and• otherwise made in accordance with the relevant loan documents. <p>We can reject any payment we receive that is not consistent with the payment Instructions. But if we accept them, there may be:</p> <ul style="list-style-type: none">• delays in crediting your account, and• currency conversion charges. <p>We can apply our exchange rate when we transfer funds into an eligible currency. This rate:</p> <ul style="list-style-type: none">• includes a profit to us or our affiliates and an additional spread, and• may include other fees.
Relying on this form	<p>We can rely on this form, a faxed or electronic copy of it, or any update to it until two business days after we receive notice that you are revoking it. To do so, you must give us written notice by:</p> <ul style="list-style-type: none">• email to syndications.closing.unit@jpmorgan.com, or• fax within the US to (844) 492-3894.
Indemnifying us	<p>You agree to indemnify and hold us harmless for any liability, loss or damage resulting from us relying on:</p> <ul style="list-style-type: none">• this agreement• any oral or written information or Instruction we receive from a loan contact acting consistently with the permissions granted in this BAQ, and• any such information we verify using the Security Procedure. <p>This excludes:</p> <ul style="list-style-type: none">• any liability, loss or damage that a court of competent jurisdiction determines to have resulted from our gross negligence or willful misconduct, and• if the borrower's indemnifying and holding us harmless is expressly prohibited by applicable law.

Governing law	<p>The governing law, venue and dispute resolution provisions of the borrower's loan documents apply to this BAQ. The rights and remedies provided to us under this BAQ are in addition to those under:</p> <ul style="list-style-type: none">• any agreement between the borrower and us, and• applicable law. <p>The ABA number and beneficiary account number in this BAQ shall control in the event of any conflict in any instruction.</p> <p>These terms supersede those in any other BAQ the borrower has previously provided to us.</p>
Contacting us	<p>If you have questions about this form or the payment Instructions, please contact your JPMorgan Servicing Account Manager listed in Appendix B.</p>

March 30, 2020

**TRINITY RIVER AUTHORITY OF TEXAS
RED OAK CREEK SYSTEM REVENUE REFUNDING BOND, SERIES 2020**

IN THE AGGREGATE PRINCIPAL AMOUNT OF \$6,510,000

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 "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 said Bonds have been authorized, issued and duly delivered in accordance with law; and that except as may be limited by governmental immunity, bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar laws now or hereafter enacted relating to creditor's rights generally or by principles of equity which permit the exercise of judicial discretion, (i) the covenants and agreements in the 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 parity bonds, are secured by and payable from a first lien on and pledge of the "Pledged Revenues", as defined in the Resolution, which include the "Net Revenues of the System", as defined in the Resolution, and include payments received by the Issuer from the "Trinity River Authority of Texas-Red Oak Creek Regional Wastewater System Contract", dated as of June 1, 1986, among the Issuer and the Cities of Cedar Hill, De Soto, Glenn Heights, Lancaster, Ovilla and Red Oak, Texas (the "Initial Contracting Parties"), and (ii) said Trinity River Authority of Texas-Red Oak Creek Regional Wastewater System Contract is authorized by law, has been duly executed, is valid, and is legally binding upon and enforceable by the parties thereto in accordance with its terms and provisions.

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

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

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

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

OUR SOLE ENGAGEMENT in connection with the issuance of the Bonds is as Bond Counsel for the Issuer, and, in that capacity, we have been engaged by the Issuer for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Bonds for federal income tax purposes, and for no other reason or purpose. We have not been requested to investigate or verify, and have not independently investigated or verified any records, data, or other material relating to the financial condition or capabilities of the Issuer or the Initial 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,

McCall, Parkhurst & Horton LLP

March 30, 2020

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

*Re: Trinity River Authority of Red Oak Creek System Revenue Refunding Bond,
Series 2020 (the "Bond")*

Ladies and Gentlemen:

This opinion from us, as legal counsel to Trinity River Authority of Texas, is given in connection with the above referenced Bond, authorized by resolution No. R-1538 (the "*Bond Resolution*"), adopted by the Board of Directors of Trinity River Authority of Texas (the "*Authority*") on February 26, 2020.

It is our opinion that the Contracts, as defined in the Bond Resolution, are now in effect pursuant to which the Contracting Parties, as defined in the Contracts and in the Bond Resolution, are obligated to make payments to the Authority during each fiscal year (including during periods when service of the System, as defined in the Contracts and in the Bond Resolution, may not be available to such Contracting Parties) in such amounts as shall be necessary to provide to the Pledged Revenues, as defined in the Bond Resolution, sufficient to pay when due all principal of and interest on the Bond and the Trinity River Authority of Texas Red Oak Creek System Revenue Bonds, Series 2009; Trinity River Authority of Texas Red Oak Creek System Revenue Bonds, Series 2011; Trinity River Authority of Texas Red Oak Creek System Revenue Bonds, Series 2013; the Trinity River Authority of Texas Red Oak Creek System Revenue Refunding Bonds, Series 2015; the Trinity River Authority of Texas Red Oak Creek System Revenue Improvement and Refunding Bonds, Series 2016; the Trinity River Authority of Texas Red Oak Creek System Revenue Improvement Bonds, Series 2018; the Trinity River Authority of Texas Red Oak Creek System Revenue Improvement Bonds, Series 2019 and the Bond, to be outstanding after the issuance of the Bond, and to make the deposits into the Reserve Fund as required under the Bond Resolution.

Respectfully submitted,

McCALL, PARKHURST & HORTON L.L.P.

McCall, Parkhurst & Horton L.L.P.