

TRINITY RIVER AUTHORITY OF TEXAS DENTON CREEK REGIONAL  
WASTEWATER TREATMENT SYSTEM REVENUE BONDS, SERIES 2009  
\$7,760,000

TABLE OF CONTENTS

Application for Financial Assistance to the Texas Water Development Board	1
TWDB Resolution approving the purchase of bonds	2
RESOLUTION NO. 1283 AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF TRINITY RIVER AUTHORITY OF TEXAS DENTON CREEK REGIONAL WASTEWATER TREATMENT SYSTEM REVENUE BONDS AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO	3
Certificate of General Manager	4
Opinion of Bond Counsel re Contract Obligations for Additional Bonds	5
General Certificate	6
Escrow Agreement	7
Signature Identification and Authority Certificate	8
Signature Identification and No-Litigation Certificate	9
Receipt for Proceeds	10
Federal Tax Certificate	11
Closing Certificate	12
Rating Letter	13
Paying Agent/Registrar Agreement	14
Closing Memorandum	15
Attorney General's Opinion and Comptroller's Registration Certificate	16
Opinion of Bond Counsel	17
Form 8038-G	18

**TAB 1**

**APPLICATION FOR FINANCIAL ASSISTANCE**

**To The  
TEXAS WATER DEVELOPMENT BOARD**

**Through The  
Clean Water State Revolving Fund  
(PRE-DESIGN FUNDING OPTION)**

**APPLICANT:**

**TRINITY RIVER AUTHORITY OF TEXAS  
DENTON CREEK REGIONAL WASTEWATER TREATMENT SYSTEM**

**\$27,225,000 Revenue Bonds,**

**(Application Dated: August 29, 2008)**

**PREPARED BY:**

 **First Southwest Company**



**Table of Contents**

<b>Engineering Report</b>	<b>Appendix A</b>
<b>Pro-Forma</b>	<b>Appendix B</b>
<b>Contracting Parties Information</b>	<b>Appendix C</b>
<b>Resolution</b>	<b>Appendix D</b>
<b>Application Affidavit</b>	<b>Appendix E</b>
<b>Form of Contracting Party Contract</b>	<b>Appendix F</b>
<hr/>	
<b>Exhibit I – Agenda Item Package</b>	
<b>Exhibit II – Preliminary Numbers</b>	
<b>Exhibit III – Denton Creek Regional Wastewater System Enterprise Fund (FYE 11-30-07)</b>	



**GENERAL INFORMATION:**

**(1) Applicant**

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

The Authority consists of all the territories in the Counties of Dallas, Tarrant, Ellis, Navarro and Chambers, and the principal watershed portions of Anderson, Freestone, Henderson, Houston, Kaufman, Leon, Madison, Polk, San Jacinto, Trinity, Walker and Liberty Counties. The Authority is governed by a Board of 24 directors who are appointed by the Governor with the advice and consent of the Texas Senate. The first directors were appointed for staggered terms, and directors thereafter have had six-year terms. Two of the directors are appointed from the area-at-large; three directors thereafter have had six-year terms. Two of the directors are appointed from the area-at-large; three directors are from Tarrant County; four are from Dallas County; and one director is from each of the other counties.

**The Denton Creek Regional Wastewater Treatment System**

The System provides regional wastewater collection and treatment services for several communities lying generally west of Lake Grapevine in Tarrant and Denton Counties in northeast Texas.

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

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

The System currently features a 5.0 million gallons per day (MGD) activated sludge wastewater treatment plant, with special peak flow treatment facilities designed specifically for major events at the Texas Motor Speedway in north Fort Worth. The plant was originally placed in service in 1988, and has had several subsequent upratings and expansions. Planning and construction is currently underway to expand the existing treatment facilities capacity to 11.5 MGD.

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

## The Project

The Project primarily involves the construction of additional facilities to discharge treated plant effluent. A new lift station with the capacity to pump up to 28 MGD and approximately 6 miles of effluent pipeline will be built. The Project will also include work related to planning and implementing improvements to the pipeline interceptor collection system.

### (2) Official Representative

Warren Brewer, Northern Region Manager  
5300 South Collins Street  
Arlington, Texas 76018  
Phone: (817) 493-5100  
Fax: (817) 417-0367  
E-mail: brewerw@trinityra.org

### (3) Trinity River Authority or Texas Board of Directors

<u>Board Members</u>	<u>Position</u>	<u>Area Represented</u>
Michael Cronin	President and Member, Executive Committee	Kaufman County
Linda D. Timmerman, Ed.D.	Vice-President and Member, Executive Committee	Freestone County
Hector Escamilla, Jr.	Chairman, Executive Committee	Director at large
Harold L. Barnard	Chairman, Utility Serv. Comm., Member, Exec. Comm.	Ellis County
Herschel S. Brannen III	Member, Legal Committee	Trinity County
Karl R. Butler	Chairman, Resources Dev. Comm., Member, Exec. Comm.	Dallas County
Pat Carlson	Member, Administration Committee	Tarrant County
Steve Cronin	Member, Resources Development Committee	San Jacinto County
Jerry F. House, D.MIN	Member, Administration Committee	Leon County
John W. Jenkins	Chairman, Admin. Comm., Member, Exec. Comm.	Director at large
Katrina Keyes	Member, Legal Committee	Dallas County
Jess Laird	Member, Utility Services Committee	Henderson County
Nancy E. Lavinski	Member, Administration Committee	Anderson County
David Leonard	Member, Resources Development Committee	Liberty County
Andrew Martinez	Member, Utility Services Committee	Walker County
Kevin Maxwell	Member, Legal Committee	Houston County
Barbara Nash	Member, Utility Services Committee	Tarrant County
James W. Neale	Member, Resources Development Committee	Dallas County
Shanda S. Perkins	Member, Resources Development Committee	Tarrant County
Manny Rachal	Member, Administration Committee	Polk County
Analaura Saucedo	Member, Utility Services Committee	Dallas County
Shirley K. Seale	Member, Utility Services Committee	Chambers County
J. Carol Spillars	Member, Legal Committee	Madison County
Kim C. Wyatt	Chairman, Legal Comm., Member, Exec. Comm.	Navarro County

### (4) (a) Project Engineer

Alan Plummer Associates  
Alan Plummer, P.E.  
1320 S. University Drive, Suite 300  
Fort Worth, TX 76107-5764  
Phone: 817-806-1700  
Fax: 817-807-2536  
E-mail: aplummer@apainv.com

(b) **Bond Counsel**

McCall, Parkhurst & Horton L.L.P.  
Chuck Kobdich  
717 N. Harwood, 9th Floor  
Dallas, Texas 75201-6587  
Phone: (214) 754-9236  
Fax: (214) 754-9250  
E-mail: [ckobdich@mphlegal.com](mailto:ckobdich@mphlegal.com)

(c) **Other Legal Counsel**

None

(d) **Financial Advisor**

Mary Williams  
First Southwest Company  
325 N. St. Paul St., Suite 800  
Dallas, Texas 75201  
Phone: (214) 953-4021  
Fax: (214) 953-4050  
E-mail: [mwilliams@firstsw.com](mailto:mwilliams@firstsw.com)

(5) **Comprehensive Description of the Project**

See - Appendix A – Engineering Report - Executive Summary

(6) **Ownership**

The Project will be owned by the Authority.

(7) **Engineer's Itemized Project Cost Estimate – Sources and Uses of Funds**

(include all costs – construction, engineering services, legal and fiscal costs and funding sources)

See - Appendix A – Engineering Report

**FISCAL INFORMATION:**

(1) **Security of Debt Issue**

**Bond Description:** The Denton Creek Regional Wastewater Treatment System is requesting the approval of an approximate \$27,225,000 financing agreement with the TWDB. The Series 2008 Bonds will mature on February 1 in each of the years 2012 through 2031. Interest is payable on each February 1 and August 1 commencing February 1, 2010, and is calculated on the basis of a 360-day year of twelve 30-day months. The Bonds are callable as a whole, or in part in inverse order of maturity, at the option of the Authority, on August 1, 2018 and on any date thereafter, at the price of par, plus accrued interest to the date of redemption. The Bonds will be issued in Book-Entry-Only form through the facilities of The Depository Trust Company ("DTC"). See "Book-Entry-Only" below. (Note: The Bond Description is for illustration purposes only; the actual amount and dating is subject to change).

**Security:** The Bonds constitute special obligations of the Authority, payable both as to principal and interest, and secured by a first lien on a pledge of the Pledged Revenues of the Authority under the Contracts entered into with the Contracting Parties.

(2) **Book-Entry Only (Depository Trust Company Language)**

The Authority is aware of and will abide by The Depository Trust Company language.

(3) **Issues that may affect repayment of debt:**

None determined at this time.

(4) **Circumstances surrounding prior default(s).**

The Authority has never defaulted.

(5) **Total Outstanding Debt.**

(a) **Revenue Debt**

Fiscal Year Ending 11/30	Outstanding Debt	The Bonds			Total Outstanding Debt	Percent of Principal Retired
		Principal	Interest	Total		
2008	\$ 2,313,084	\$ -	\$ -	\$ -	\$ 2,313,084	
2009	2,512,631	-	-	-	2,512,631	
2010	3,633,929	-	-	-	3,633,929	
2011	4,362,095	-	-	-	4,362,095	
2012	4,509,006	675,000	1,075,500	1,750,500	6,259,506	2.48%
2013	5,091,515	705,000	1,047,900	1,752,900	6,844,415	
2014	5,848,378	730,000	1,019,200	1,749,200	7,597,578	
2015	6,117,379	760,000	989,400	1,749,400	7,866,779	
2016	6,109,960	790,000	958,400	1,748,400	7,858,360	
2017	6,110,380	825,000	926,100	1,751,100	7,861,480	16.47%
2018	6,103,808	860,000	892,400	1,752,400	7,856,208	
2019	6,103,719	895,000	857,300	1,752,300	7,856,019	
2020	6,105,409	930,000	820,800	1,750,800	7,856,209	
2021	6,103,914	970,000	782,800	1,752,800	7,856,714	
2022	6,102,514	1,005,000	743,300	1,748,300	7,850,814	33.59%
2023	6,100,690	1,050,000	702,200	1,752,200	7,852,890	
2024	6,099,280	1,090,000	659,400	1,749,400	7,848,680	
2025	6,097,318	1,135,000	614,900	1,749,900	7,847,218	
2026	6,105,078	1,180,000	568,600	1,748,600	7,853,678	
2027	6,098,313	1,230,000	520,400	1,750,400	7,848,713	54.47%
2028	-	3,005,000	435,700	3,440,700	3,440,700	
2029	-	3,065,000	314,300	3,379,300	3,379,300	
2030	-	3,130,000	190,400	3,320,400	3,320,400	
2031	-	3,195,000	63,900	3,258,900	3,258,900	100.00%
	<u>\$ 107,628,395</u>	<u>\$ 27,225,000</u>	<u>\$ 14,182,900</u>	<u>\$ 41,407,900</u>	<u>\$ 149,036,295</u>	

(6) **G.O. and Revenue Debt per Capita**

Not applicable

**(7) Direct and Overlapping Tax Rate**

Not applicable

**(8) Assessed Valuation Per Capita**

Not applicable

**(9) Five Year Sales Tax Collection History**

Not applicable

**(10) Proforma**

**(a) System Net Revenues No Growth Pro-Forma**

See -- Appendix B - Proforma

**(b) Pro-Forma for I&S Tax-Backed Issue**

Not Applicable

**(11) Top Ten Water Customers (FYE 2007)**

See - Appendix C -- Contracting Parties information

**Top Ten Waste Water Customers (FYE 2007)**

See - Appendix C -- Contracting Parties information

**(12) Five Year Comparative Waterworks and Sewer System Operating Statement**

**(a) Waterworks and Sewer System Statement of Operations**

See -- Appendix C -- Contracting Parties Information

**(13) Water and Wastewater Rates and Usage**

See - Appendix C -- Contracting Parties information

**(14) Taxable Assessed Valuation**

**(a) 5 Year Historical Data**

Not applicable

**(b) Ad Valorem Taxes Levied, Tax Rates and Tax Collection History**

Not applicable

**(15) Top Ten Taxpayers**

Not applicable

**(16) Maximum Tax Permitted by Law per \$100 of property value**

Not applicable

**(17) Audit Report**

Copy of the Authority FYE 2007 audit report is provided under separate cover.

**(18) State if Bond insurance will be purchased for the loan and if it will be financed with loan proceeds.**

The Authority will submit applications to various municipal bond insurance companies. Should a commitment from an insurance provider be received, the Authority reserves the right to insure all or a part of the Bonds, if it determines that such insurance is economically beneficial to the Authority. Such bond insurance will be financed with loan proceeds.

**(19) State if planning to use Pre-Design Funding Option.**

The Authority does plan to use Pre-Design Funding Option.

**(20) State if planning to use any other credit enhancement (i.e. surety bonds), the authority for its use, and which firm or company will be used.**

The Authority does not plan to use any other credit enhancement.

**(21) Current outstanding bond ratings.**

The Authority's Denton Creek Regional Wastewater System Revenue Bonds are rated "A1" by Moody's Investors Service and "AA" by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., without regard to credit enhancement.

**COMMUNITY INFORMATION**

**(1) Median Household Income**

Not applicable

**(2) Unemployment Rate**

Not applicable

**(3) Percentage of Area below Poverty Level**

Not applicable

**(4) Median Age of Work Force**

Not applicable

**(5) Largest Employers**

Not applicable

**LEGAL INFORMATION**

**(1) One (1) certified original and three (3) copies of a resolution requesting financial assistance and identifying the amount of requested assistance, designating the authorized representative to act on behalf of the**

**governing body, and authorizing the representative to execute the application, appear before the board on behalf of the applicant, and submit such other documentation as may be required by the executive administrator or the board.**

See - Appendix D - Resolution

**(2) One (1) certified original and three (3) copies of an affidavit executed by the official representative stating that for a political subdivision, the decision to request financial assistance from the board was made in a public meeting held in accordance with the Open Meetings Act, the information submitted in the application is true and correct according to best knowledge and belief of the representative, the applicant has no litigation or other proceedings pending or threatened against the applicant that would materially adversely affect the financial condition of the applicant or the ability of the applicant to issue debt, and the applicant will comply with all applicable federal laws, rules, and regulations as well as the laws of this state and the rules and regulations of the board.**

See - Appendix E – Application Affidavit

**(3) Three (3) copies of the following executed documents:**

**(a) any option, sales, or lease agreements necessary for the project**

Not applicable

**(b) any actual or proposed service contracts for water supply or sewer service indicating adequate supply or capacity for life of the proposed loan.**

Not applicable

**(c) any actual or proposed contracts between the applicant and any other entity which will generate revenues pledged to the repayment of the proposed debt**

See - Appendix F – Form of Contracting Party Contract – all other contracts are essentially identical – All contracts are joint and severable. Please see section 13(f).

**(4) Three copies of all executed contracts for consultant services included in the total project costs.**

TWDB has contracts on file for financial advisor (FSC) and bond counsel (MPH).

**(5) For a proposed revenue issue secured by a subordinate lien, or to be issued on parity, two (2) copies of the resolution/ordinance issuing the prior or junior lien on parity debt.**

See - Appendix D – Resolution

**(6) Certificate of Convenience and Necessity**

Not applicable

**(7) A citation to the specific legal authority in the Texas Constitution and statutes pursuant to which the applicant is authorized to provide the service for which the applicant is receiving financial assistance.**

- Article 16, Section 59, Texas Constitution
- Chapter 518, Acts of the 54<sup>th</sup> Texas Legislature, Regular Session, 1955, as amended
- Chapter 30, Texas Water Code, as amended.

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# ***Trinity River Authority of Texas***

## ***Denton Creek Regional Wastewater System***

### ***Engineering Report to Support Series 2009 Bond Program***



***August 2008***

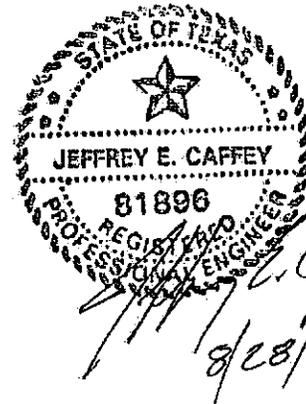




***Trinity River Authority of Texas***

***Denton Creek  
Regional Wastewater System***

***Engineering Report to Support  
Series 2009 Bond Program***



***August 2008***



## TABLE OF CONTENTS

	<u>Page</u>
<b>List of Tables</b> .....	ii
<b>List of Figures</b> .....	ii
<b>Chapter I - Executive Summary</b> .....	I-1
<b>Chapter II – Introduction</b> .....	II-1
Background .....	II-1
Recent Engineering Evaluations .....	II-1
Location of Plant and Service Area .....	II-2
Historical Flow Projections and Flow Relationships.....	II-4
Objectives of Proposed Projects .....	II-9
<b>Chapter III - Wastewater Treatment Plant Improvements</b> .....	III-1
Existing Plant Facilities .....	III-1
Projects Currently Under Construction.....	III-1
Proposed White’s Branch Pump Station and Discharge Pipeline.....	III-1
Proposed Collection System Projects .....	III-5
<b>Chapter IV - Cost Summary</b> .....	IV-1

## LIST OF TABLES

<u>No.</u>	<u>Description</u>	<u>Page</u>
II-1	DCRWS Customers.....	II-2
II-2	Historical Influent Flow Data.....	II-6

## LIST OF FIGURES

<u>No.</u>	<u>Description</u>	<u>Page</u>
II-1	DCRWS Service Area.....	II-3
II-2	Collection System.....	II-5
II-3	Historical Influent Flows.....	II-7
II-4	DCRWS Projected Flows and Treatment Capacity.....	II-8
III-1	White's Branch Pump Station Floor Plan.....	III-3
III-2	Alternate Discharge to White's Branch Alignment.....	III-4



## CHAPTER I

# Executive Summary

The Trinity River Authority of Texas (Authority) owns and operates the Denton Creek Regional Wastewater System (DCRWS), which provides regional wastewater service to several communities in northeast Texas. Development continues to occur at a rapid rate in the DCRWS service area, necessitating an expansion of the DCRWS wastewater treatment plant (WWTP) capacity to 11.5 million gallons per day (MGD), which is currently under construction. Several proposed projects associated with the expansion are included in the 2009 Bond Program. These projects include an alternative discharge pump station and pipeline for the plant and several collection system hydraulic relief pipelines.

This report outlines the background and history of the system, discusses the new facilities planned, and presents a summary of capital cost issues associated with the proposed sale of "Revenue Bonds" to fund necessary capital improvements. A summary of key points discussed in this document is listed below:

1. The Texas Commission on Environmental Quality (TCEQ) has changed its method of determining water quality limits in Denton Creek. Due to this change, the current permit includes a variance to the water quality standard for dissolved oxygen in order to discharge 7.0 MGD. Future permitted discharge may be reduced to flows as low as 3.5 MGD at the current discharge location. The Authority has identified a location on White's Branch for a second discharge point to provide the ability to discharge the total expanded plant treatment capacity. The construction cost, and construction administration fees for the White's Branch Effluent Pump Station and Discharge Pipeline are included in this bond package.
2. Three projects have been identified in the DCRWS collection system to relieve hydraulic limitations in the collection system created by the increased flows from the increasing population and growing service area. The final design of all three interceptors and the construction of two segments have been included in this capital improvement plan. Also, planning studies are included for development of capital improvement program through 2025 and for the first phase of Geographical Information System (GIS) development including a linkage to a maintenance management system.
3. It is currently projected that bonds will need to be sold in an amount sufficient to enable deposit of \$26,500,000 into the project fund in order to provide adequate funding to construct the alternate effluent pump station and discharge pipeline as well as the design and construction for the collection system relief pipelines.



## CHAPTER II Introduction

### Background

The Authority's DCRWS provides regional wastewater collection and treatment services for several communities located generally west of Lake Grapevine in Tarrant and Denton Counties in northeast Texas. The system currently features a 5.0-MGD activated sludge wastewater treatment plant, with special peak flow treatment facilities designed specifically for major events at the Texas Motor Speedway in north Fort Worth. The plant was originally placed in service in 1988 and has had several subsequent upratings and expansions.

In order to respond to recent and projected population and industrial growth, potentially more stringent effluent quality regulations, and a need to renovate several aging facilities, the Authority is currently constructing a major expansion and upgrade of the DCRWS plant to a treatment capacity of 11.5 MGD. The Authority received a discharge permit amendment from the Texas Commission on Environmental Quality (TCEQ) in April 2008 to allow for discharge of the expanded treatment capacity. The permit allows for a second discharge point located on White's Branch in order to discharge the total 11.5 MGD flow.

A second discharge location was necessary due to changes in the TCEQ's methodology for calculating limits for discharges into cove areas of lakes. The existing DCRWS plant discharges into Cade Branch, a tributary of Denton Creek, which is the main tributary of Lake Grapevine. Denton Creek has a long, narrow cove extending approximately seven miles up the creek, where it is difficult to demonstrate the water quality standard for dissolved oxygen concentrations under the revised methodology is maintained. As a result, the DCRWS effluent into Denton Creek will have to meet stricter effluent limits, and the amount of discharge allowed in the amended permit is limited to 7.0 MGD. The White's Branch effluent pump station and discharge pipeline is currently in design. Easement documents have been prepared and the Authority is in the process of obtaining the easements for the pipeline and discharge outfall.

The Authority has also conducted a capacity study of the collection system based on flow projections in the year 2030. Three priority interceptor parallel pipeline projects have been identified in the near term as required to relieve hydraulic limitations in the existing collection system and provide adequate capacity for the future flows. The bond program includes funds for the design of all three projects and the construction of two of the three projects.

This report summarizes the key objectives and features of the proposed projects. The current expansion is planned to be adequate to serve the service area's wastewater treatment needs at least through approximately 2014 depending on the service area's growth rate, while offering flexibility for future expansions. The White's Branch pump station and pipeline are necessary to allow for full utilization of the expanded wastewater treatment plant.

### Recent Engineering Evaluations

The Authority completed the draft Denton Creek Regional Wastewater System - Master Plan Update (Alan Plummer Associates, Inc.), in 2006, which recommends expansion of the plant to an 11.5-MGD average daily flow capacity to accommodate projected growth in the service area.

The Authority also completed the DCRWS I/I Study and Phase II System Flows report (Black and Veatch, Inc.) in 2006 as part of a Collection System Master Plan.

The Authority completed the Graham Branch Study report (Cheatham and Associates, Inc.) in 2007, which updated the population projections and flows in the Graham Branch portion of the service area.

The Authority completed the Denton Creek Regional Wastewater System Phase I Expansion Preliminary Design Report (Alan Plummer Associates, Inc.) in 2006, which outlines the scope and layout of the Expansion to 11.5 MGD.

The Authority completed the Denton Creek Regional Wastewater System White's Branch Alternate Discharge Preliminary Design Report (Alan Plummer Associates, Inc.) in 2008, which outlines the scope and layout of the lift station and force main.

The Authority completed a Denton Creek Regional Wastewater System Upgrading to 6.0 MGD Study (Alan Plummer Associates, Inc.) in 2008. The Authority submitted an upgrading request to the TCEQ in April 2008 and is awaiting approval of the request.

The Authority completed the Denton Creek Regional Wastewater System I/I Phase III Final Report (Black and Veatch, Inc.) in 2008.

### Location of Plant and Service Area

The DCRWS Treatment Plant is located on Cade Branch, a tributary of Denton Creek. Denton Creek enters Grapevine Lake on the western side. The plant is located immediately north of the City of Roanoke. Figure II-1 shows the location of the existing wastewater treatment plant and its service area.

The Denton Creek Regional Wastewater System provides regional wastewater service to an area of approximately 136 square miles lying immediately west and south of Grapevine Lake in Denton and Tarrant Counties. The cities of Fort Worth, Haslet, Keller, Roanoke, and Southlake, and the towns of Argyle, Flower Mound, Northlake, and Westlake, and the Circle T Municipal Utility District Nos. 1 and 3 are contracting parties of the system. The contracting parties entered the system at the times shown in Table II-1.

**TABLE II-1  
DCRWS CUSTOMERS**

Fort Worth	October 28, 1987
Haslet	October 28, 1987
Roanoke	October 28, 1987
Lake Turner MUD 1 (now Circle T MUD 1)	April 27, 1988
Southlake	April 27, 1988
Keller	April 22, 1992
Lake Turner MUD 3 (now Circle T MUD 3)	August 24, 1994
Northlake	June 25, 1997
Northwest ISD	December 2, 1998
Flower Mound	February 23, 2000
Westlake	February 23, 2000
Argyle	February 28, 2007

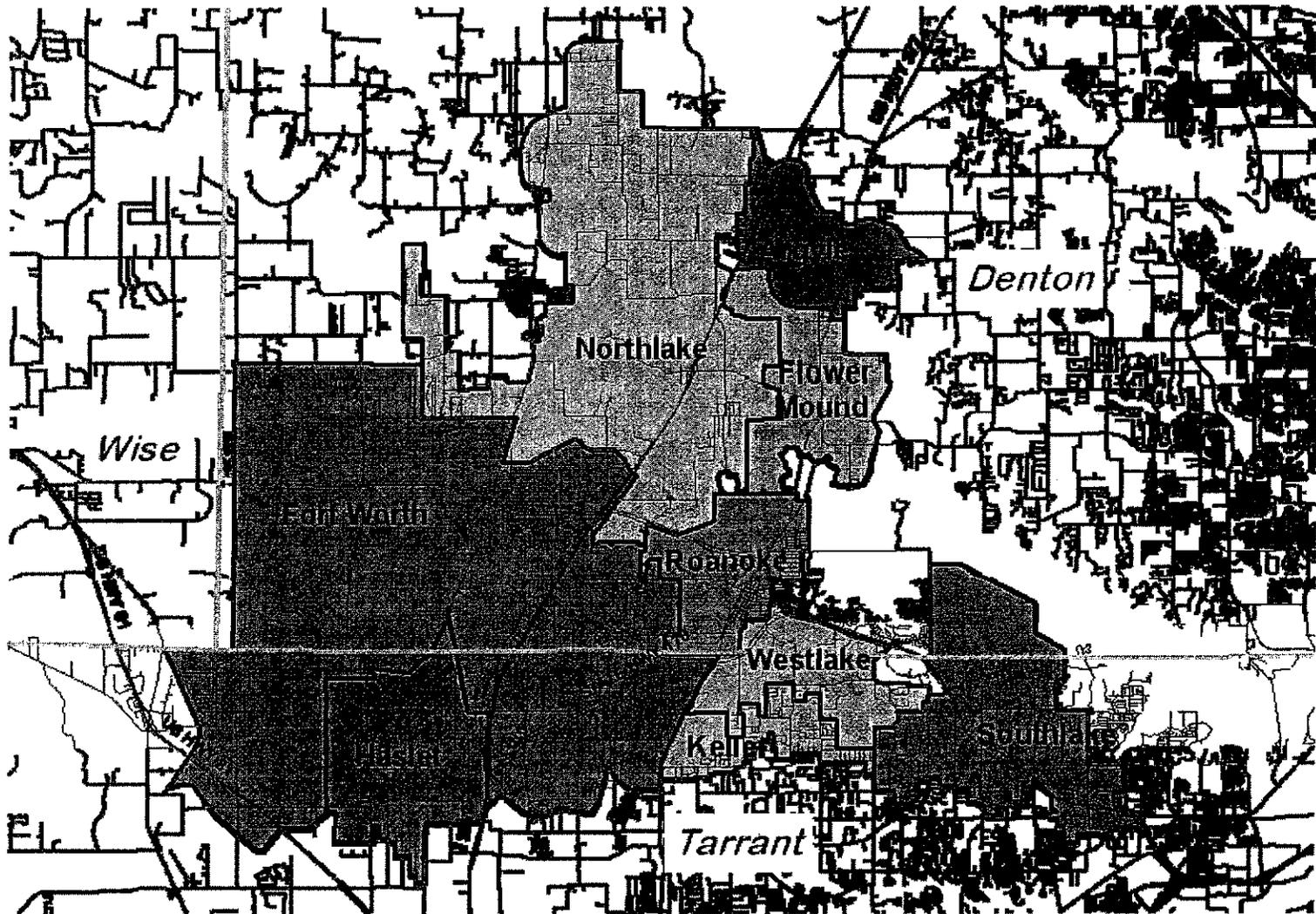


Figure II-1  
DCRWS Service Area

The natural watershed of Denton Creek extends northwest for a distance of more than 50 miles. Much of the natural watershed is very sparsely developed at present. For planning, service area boundaries have been assumed to coincide with the shaded area shown in Figure II-1.

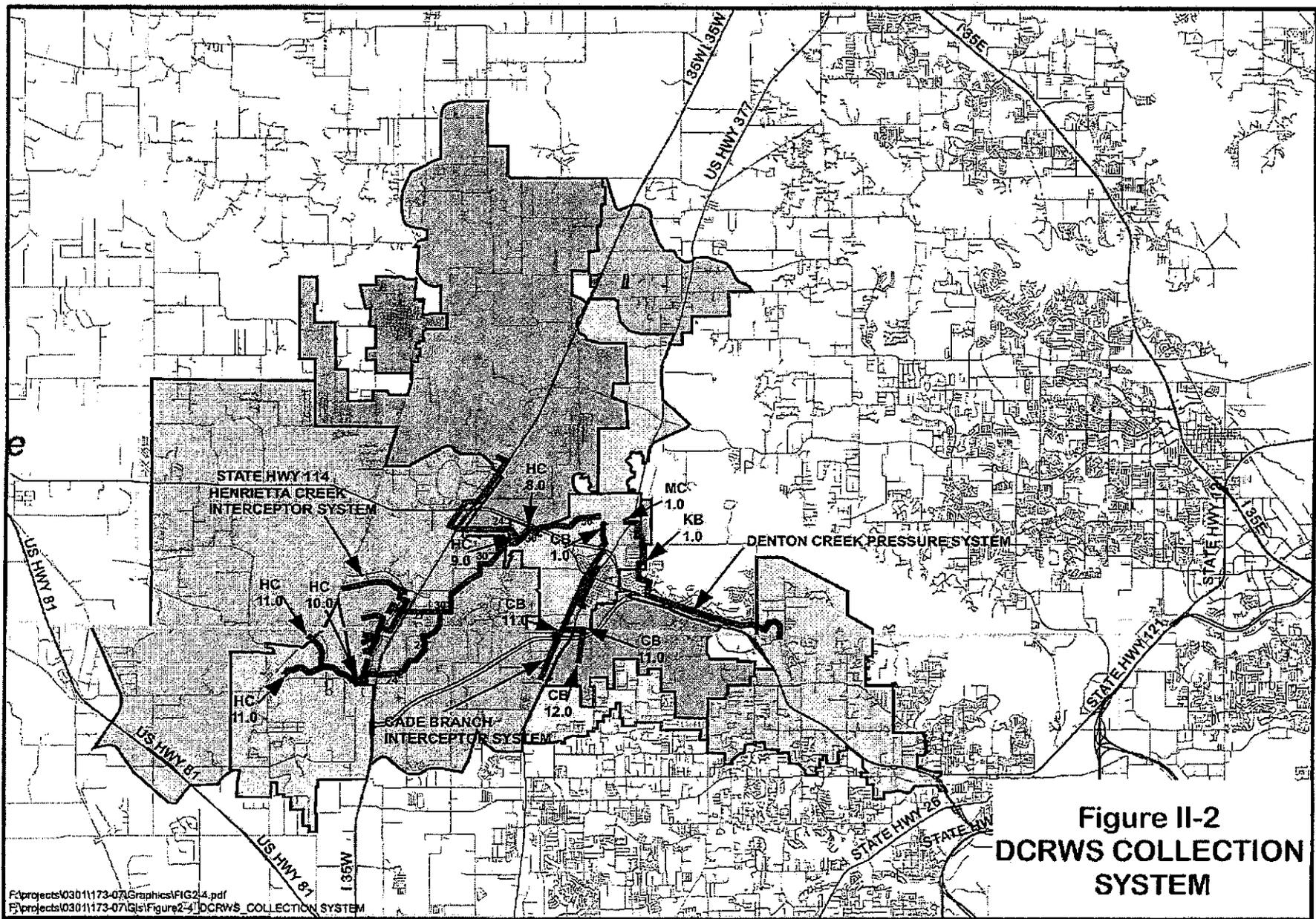
The system is divided into three main systems: Henrietta Creek Interceptor System, Cade Branch Interceptor System and Denton Creek Pressure System. The collection system is shown in Figure II-2. The system serves primarily residential populations in Roanoke, Southlake, Keller and Westlake. Development in the remainder of the service area is predominantly commercial in nature, with light industrial development and increasing residential growth. A number of significant residential developments are planned or under construction. Service areas lying within Flower Mound, Fort Worth, Northlake, and a large portion of the other existing customer city service areas are currently undeveloped. Initially, the high commercial component of the service area lowered the waste strength of the flow entering the plant. However, in recent years, the waste strength of the influent stream has increased as is comparable to other plants in the North Texas region. Significant high strength loads are occasionally received by the plant. The Texas Motor Speedway produces very low flows on a normal basis, but it produces very high flows and waste loads during three major race events, several smaller concert events, and other large public gatherings each year. The average ammonia nitrogen load to the plant is significantly higher than a typical municipal wastewater treatment plant normally receives.

The Authority has been approached by a number of cities outside the shaded area with requests for consideration for future wastewater service. Private developers in the Alliance Airport area include provisions for eventual extension of several interceptor lines significantly beyond western boundaries of the current planning area. In addition, a number of communities that are not current customers of the system have advanced serious inquiries toward the Authority with respect to membership in the system.

### **Historical Flow Projections and Flow Relationships**

The dynamic nature of growth and development within the DCRWS service area has dictated a need for more frequent assessments and projections of system flow than would be required for many other regional systems. The Authority has updated short- and long-term (up to 20 years) wastewater flow projections most recently in 2005. Economics of system operations require that financing and construction of treatment facilities closely track actual service area growth and wastewater flow production in order that wastewater service can be provided at rates that remain as stable as practical.

The most recent in-depth assessment of the location, sources, and potential growth rates of wastewater producing developments within the service area was conducted in 2005. A review of the methodology used in the 2005 evaluation (which incorporated an inventory of all existing point-of-entry authorizations, customer city planning and zoning maps, and other trends) was presented in the previously referenced DCRWS I/I Study and Phase II System Flows. It is noted that the Authority typically conducts long-range planning evaluations only for areas within the geographical boundaries of its customer cities. The long-range flow projections were based on population projections for the year 2025. The flows for Argyle and Flower Mound were updated in the previously referenced Graham Branch Study. The total projected population for the service area in 2025 is 140,614. The average flow per capita for 2025 is estimated to be 171 gallons per capita per day.



**Figure II-2  
DCRWS COLLECTION  
SYSTEM**

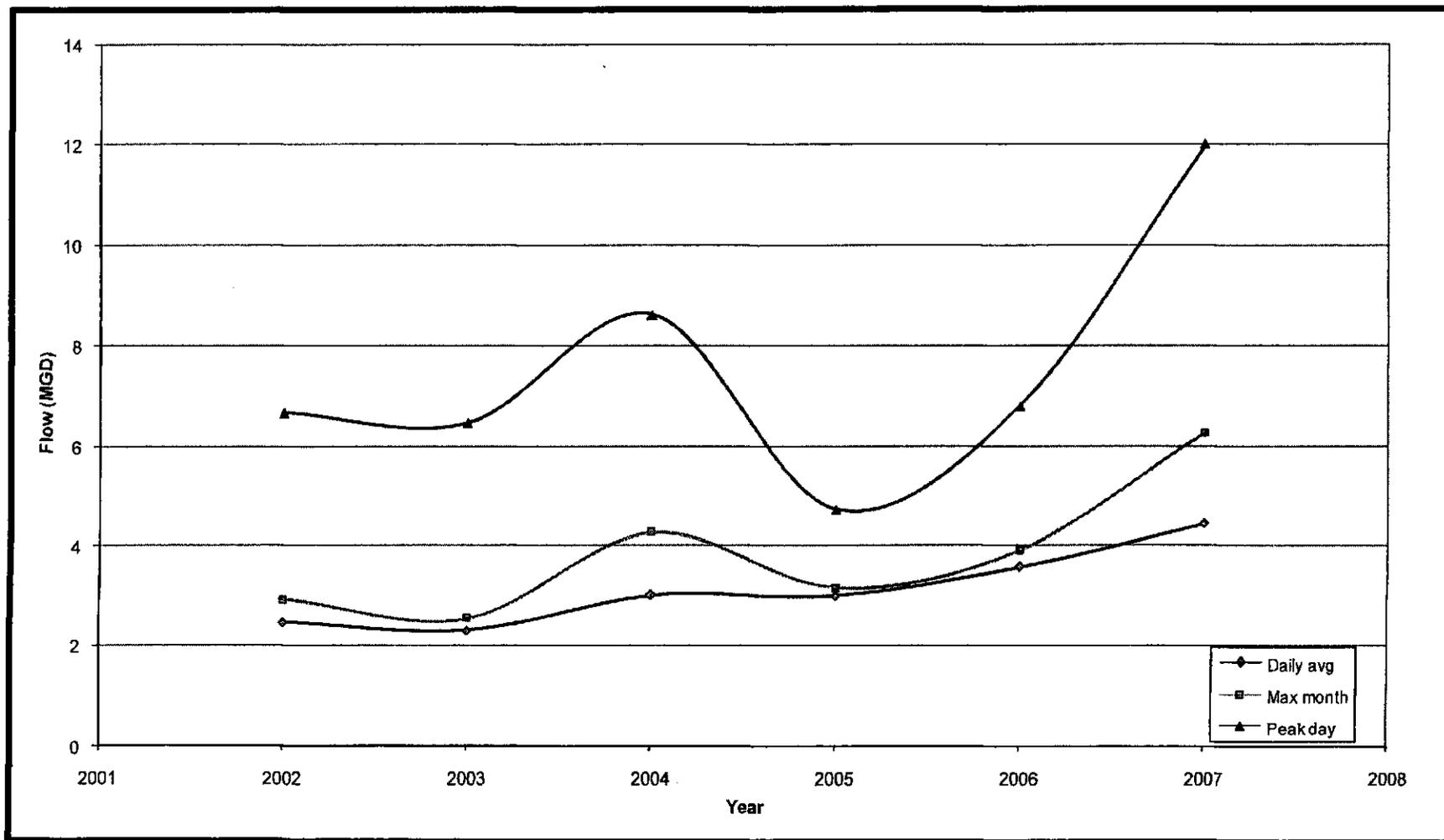
F:\projects\03011173-07\Graphics\FIG2-4.pdf  
 F:\projects\03011173-07\GIS\Figure2-4\DCRWS\_COLLECTION SYSTEM

The historical influent flows for the last six years are listed in Table II-2. Figure II-3 is a graph of the historical plant flows. It is important to note that 2005 and 2006 were dry years. Dry conditions reduce the amount of infiltration of ground water and inflow of surface water into the collection system thus reducing the daily average flow to the plant. Conversely, 2007 was a wet year, which is reflected in the comparatively high peak day and maximum monthly average flows.

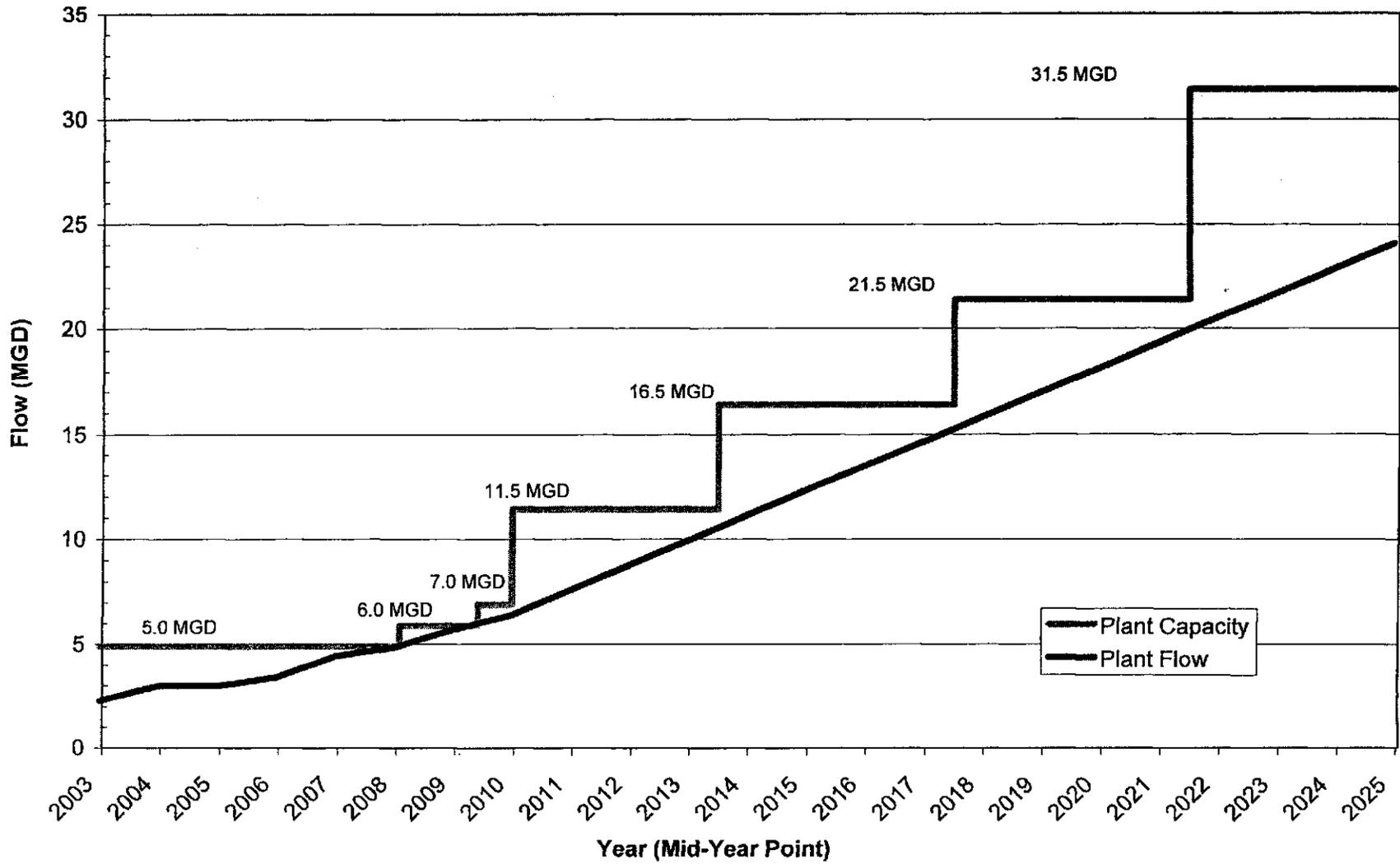
Year	Average Daily Flow (MGD)	Maximum Month Flow	Peak Day Flow (MGD)
2002	2.44	2.91	6.65
2003	2.28	2.52	6.45
2004	2.99	4.25	8.61
2005	2.98	3.14	4.70
2006	3.55	3.89	6.78
2007	4.42	6.25	12.0

Current annual average flow projections for the plant are shown in Figure II-4. The growth rate used for 2008 through 2010 is based on the medium short-term growth rate based on analysis of home construction in the service area assuming 3 persons per home and 92 gallons per capita per person as presented in the Denton Creek Master Plan Update. The flow projection from 2010 to 2025 is a straight line projection based on flows developed in the I/I study along with additional flow projections for Argyle and Justin received since the study. It should be noted that the plant is expected to reach its existing capacity sometime during 2008 or 2009. The plant has submitted a request to uprate the existing facilities to 6.0 MGD to provide the necessary treatment capacity, during the construction of the expansion.

As shown on Figure II-4, the influent flows to the plant are projected to exceed the uprated capacity of 6.0 MGD prior to completion of the expansion to 11.5 MGD. The construction of the expansion project is a two-phase process. The first phase is construction of the new facilities that provide 5.0 MGD of additional treatment capacity. The second phase involves expanding existing structures to obtain another 1.5 MGD capacity. The second phase cannot begin until the first phase is completed and the new facilities are in operation. During the second phase, it will be necessary to remove some existing units. However, the treatment capacity in operation will never be less than 7.5 MGD. The current permit allows the plant to discharge 7.0 MGD to Cade Branch once the 6.5 MGD expansion project is completed. The Authority is preparing a request to the TCEQ to allow the plant to discharge 7.0 MGD when the first phase is complete. This 7.0 MGD discharge step is shown in Figure II-4.



**FIGURE II-3**  
**Historical Influent Flows**

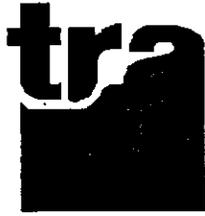


**FIGURE II-4**  
**DCRWS Projected Flows and Treatment Capacity**

## **Objectives of Proposed Projects**

The primary objectives of the proposed projects are as follows:

- The White's Branch Alternate Discharge Pipeline and Pump Station to provide the ability for the plant to discharge its full treatment capacity by discharging to a second location near Grapevine Lake. Authorization to discharge at the second location and increased flow is pursuant to a permit obtained from the TCEQ and can be implemented when the Expansion to 11.5 MGD construction project is completed. Construction is expected to be completed in June 2010.
- The collection system projects to relieve hydraulically limited sections of the Cade Branch and Henrietta Creek interceptors and to provide sufficient hydraulic capacity through the year 2025.



## CHAPTER III

# Wastewater Treatment Plant Improvements

### Existing Plant Facilities

The DCRWS's existing plant has two main treatment processes: one is a conventional activated sludge single-stage nitrification process, and the second is a two-basin sequencing batch reactor with nitrification. Both processes are preceded by preliminary treatment and followed by filtration and ultraviolet disinfection. A 3.0-MG detention basin, operated as a sequencing batch reactor, was constructed to treat waste flow from activities at the Texas Motor Speedway. The existing treatment plant was constructed in several phases. The last expansion completed in 2005 increased the plant capacity to 5.0 MGD.

A new plant waste solids dewatering building was substantially completed in March 2008. The building replaced the existing building and 1-meter belt press. The new building consists of one truck bay and one centrifuge. Dewatered sludge is being hauled off on a daily basis. A second centrifuge is proposed to be added during the expansion to 11.5 MGD. A second truck bay could be added in the future.

The dewatering building construction project also included the construction of a peak flow storage basin. This 1.5-MG concrete-lined basin provides additional peak flow storage for the existing plant as well as the next plant expansion. The basin also provided storage capacity needed for the uprating of the plant to 6.0 MGD.

### Projects Currently Under Construction

The WWTP Expansion to 11.5 MGD is currently under construction. The project was funded through the 2007 Bond Program. This bond program involved Texas Water Development Board (TWDB) State Revolving Fund Loan program.

The previously referenced December 2006 Phase I Expansion Preliminary Design Report detailed a two-part expansion to 11.5 MGD. The first part is to construct a new 5.0-MGD secondary treatment train with a two-pass aeration basin, one final clarifier, new blowers with energy efficient controls, and sludge pumping. The second part is to renovate and expand the existing secondary treatment units from 2.2 MGD to 4.0 MGD design flow capacity by converting the existing final clarifiers to aeration basins and constructing two new circular final clarifiers. Combined with the existing 2.5-MGD design flow capacity sequencing batch reactors (SBRs), the total design flow capacity of the plant will be 11.5 MGD.

### Proposed White's Branch Pump Station and Discharge Pipeline

As discussed in Chapter II, a second discharge location will be needed to discharge the current 11.5 MGD flow. Therefore, a pump station and force main is currently being designed to convey treated effluent to a discharge location on Whites Branch. The pump station structure and pipeline will be sized for the peak discharge flows for the 2030 design year. By 2030, the peak flow required to be pumped to White's Branch could be as high as 50 MGD. The pumping capacity, however, will be sized to provide the discharge required for the peak flows associated with the expansion to 11.5 MGD.

Since the plant will have two discharge locations, the effluent flow from the plant will be split between the two discharges. The peak 2-hour flow permitted with the expansion to 11.5 MGD is 28.0 MGD. The plant can discharge up to 18.6 MGD at Cade Branch. Therefore, the peak flow pumping capacity for the White's Branch pump station needed for the current plant expansion is 9.4 MGD.

The pump station structure would be located approximately 60 feet from the UV treatment facilities that are being constructed as part of the Denton Creek Wastewater Treatment Plant Expansion. Flow from the UV facilities will be conveyed to the effluent pump station through a 42-inch diameter pipeline. The 60-foot by 100-foot pump structure would incorporate a main operating floor that supports the motor control center, the vertical turbine pumps, related valves, piping and fittings. The main operating floor of the pump station will be located at Elevation 586.0 which is approximately 7 feet above the existing ground level at the plant. The floor of the wet well will be at Elevation 566.0. The pump station structure will have five pump positions. The structure, and discharge header will be sized for a maximum flow from the pump station of 50 MGD. A floor plan of the pump station is shown on the attached Figure III-1.

The motor control center for the pump station would be located on the main floor of the effluent pump station. The room will be approximately 25 feet wide by 50 feet long and will contain the variable speed drives for each pump as well as other weather or heat sensitive equipment.

It is anticipated that the daily flow from the pump station could range from 2.0 MGD to about 10 MGD. As a means to meet the initial flow requirements during this period, it is proposed that three variable speed 5 MGD pumps be installed leaving two empty pump positions for future expanded flow. The firm capacity at the pump station would be about 10 MGD. This configuration would be maintained until inflow from the plant reaches about 70 percent of the firm pump capacity of 10 MGD. At that time additional larger pumps can be installed.

The discharge pipeline consists of a 3.75-mile 42-inch effluent force main and a 1.1 mile 48-inch gravity pipeline, both sized for 50 MGD. The route of the pipeline is shown in Figure III-2. The pipeline has an approved alignment, which utilizes the abandoned 377 right-of-way through the U. S. Corps of Engineers property. Permits from the Railroad, TXDOT, and the City of Roanoke have been secured for the construction of the pipeline. The majority of the pumped flow portion is located on the United States Corps of Engineers' property crossing Denton Creek north of Lake Grapevine. The flow becomes gravity flow via a fixed weir box at the highest elevation of the pipeline. As the pumped flow tops the weir, the 48-inch gravity main conveys the treated effluent to a tributary of White's Branch. The weir box and the gravity main have been designed and sized to accommodate the future capacity of 50 MGD. The alignment parallels Dunham Road to the north and a stilling basin is proposed with a rock riprap erosion control prior to entering the natural stream channel.

Detailed design is currently underway and easement documents for land acquisition have been prepared. Funds for construction of the pipeline would be part of the 2009 Bond program which will also include engineering construction administration services.



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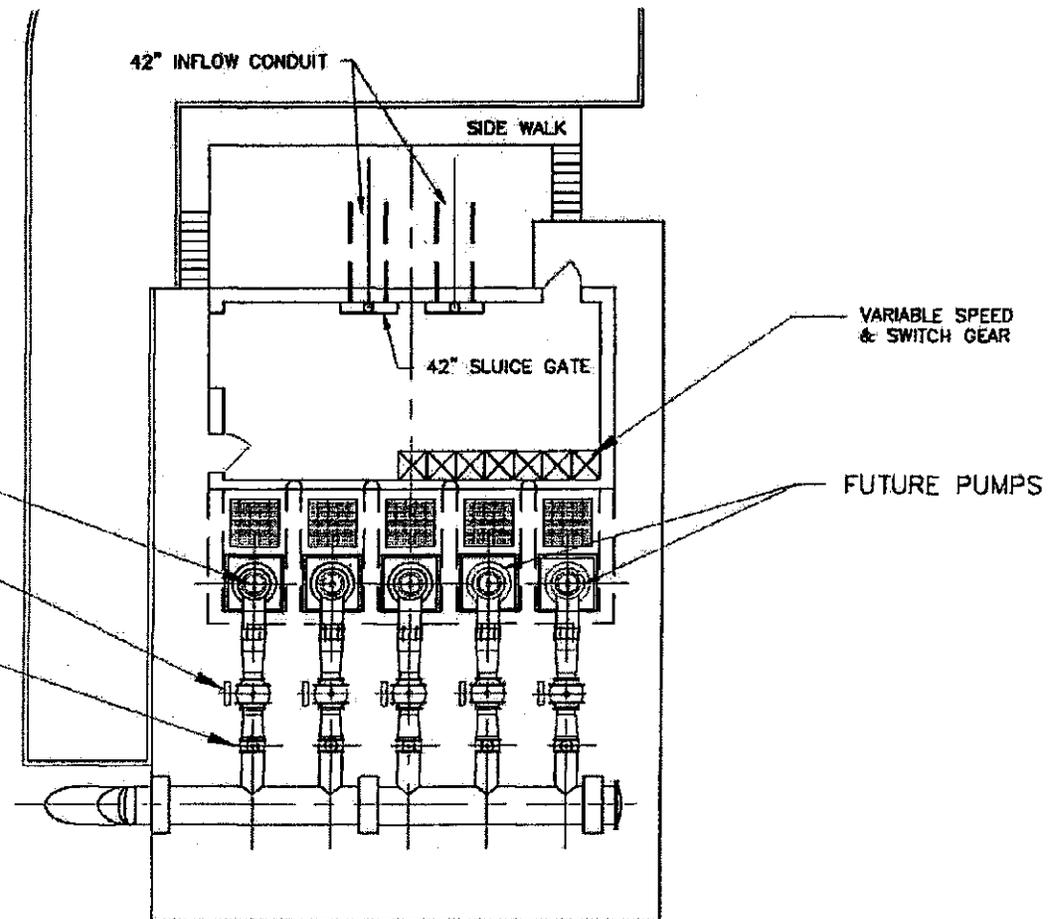
PROJECT NO. 08-001

DATE: 04/13/08

SCALE: 1/16"=1'-0"

FIGURE III-1

**FIGURE III-1**  
**WHITE'S BRANCH**  
**PUMP STATION**

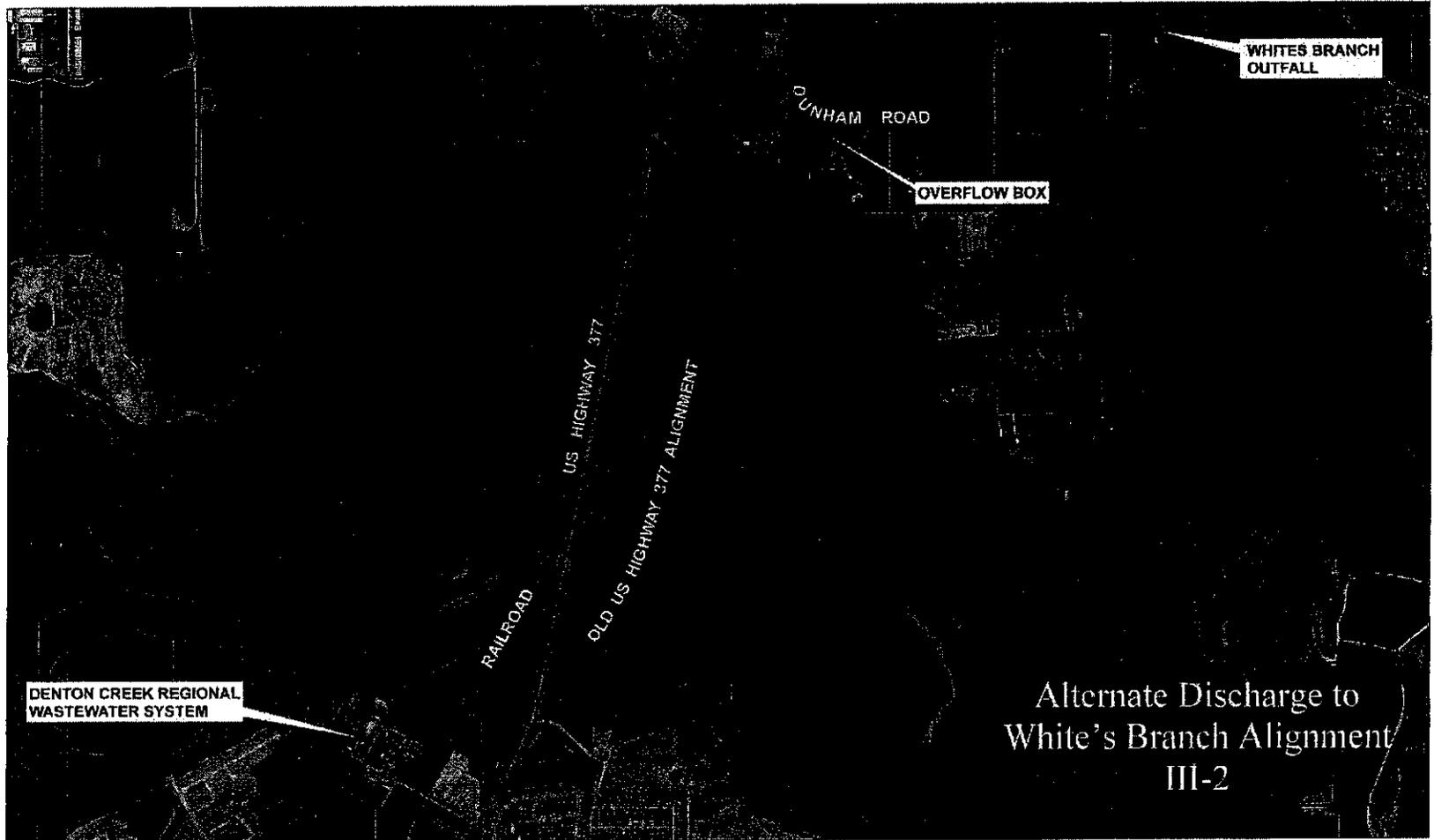


**MAIN FLOOR PLAN**

SCALE: 1/16"=1'-0"

THESE DOCUMENTS ARE FOR INTERIM REVIEW  
AND ARE NOT INTENDED FOR CONSTRUCTION,  
BIDDING, OR PERMIT PURPOSES.

R.C. MANNING  
TEXAS P.E. NO. 44709  
DATE: 04/13/08



— FORCE MAIN  
- - - GRAVITY MAIN

WHITES BRANCH EFFLUENT PIPELINE

650 325 0 650 Feet

## **Proposed Collection System Projects**

Several priority design and planning projects have been identified in the DCRWS collection system to relieve hydraulic limitations in the collection system and to plan for future growth. These projects are described in this section.

### Cade Branch Interceptor Relief Pipeline No. 1:

The Cade Branch Interceptor Relief Pipeline No. 1 (CB-1) is located on the downstream portion of the Cade Branch Interceptor System and would provide 6,441 feet of 30-inch diameter relief pipeline. The CB-1 relief project includes replacement of Meter Station 1.0 CB. The design portion of this project is included in the 2009 Bond Program. The construction project would be included in a future bond program.

### Cade Branch Interceptor Relief Pipeline No. 2:

The Cade Branch Interceptor Relief Pipeline No. 2 (CB-2) is located in the upstream portion of the Cade Branch Interceptor System near State Highway 170 and would provide 1,719 feet of 27- to 30-inch diameter relief pipeline. The CB-2 relief project includes improvements to Meter Stations 10.0CB and 12.0 CB. The design and construction of CB-2 is included in this Bond program.

### Henrietta Creek Interceptor Relief Pipeline:

This project located is in the downstream portion of the Henrietta Creek Interceptor System and would provide 14,402 feet of 54- to 72-inch relief pipeline. The HC-1 relief project includes a new cumulative in-line meter station. The design portion of this project is included in the 2008A Bond Program. The opinion of probable construction cost of this project is included in this bond program.

### Planning Studies and Plan Implementations

GIS Phase I and Maintenance Schedule (Phase II): The second phase of GIS development will include preparation of base map, inventory data, and the implementation of collection system maintenance management and GIS software. A two-year maintenance schedule will be prepared based on the Capacity, Management, Operations, and Maintenance (CMOM) program maintenance activities and frequencies.

Also, the cost for a Corrosion Management Plan is anticipated to evaluate the current facilities and to have an allowance to retrofit them if needed.



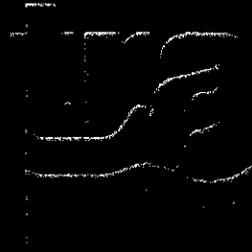
## CHAPTER IV Cost Summary

This chapter summarizes the opinion of projected project costs associated with the construction of the White's Branch Effluent Pump Station and Discharge Pipeline and Outfall and for the planning, design and construction of several collection system projects.

The opinion of probable construction cost for the White's Branch Effluent Pump Station and Discharge Pipeline is \$9,600,000. An additional allowance for engineering construction administration and post-construction services and for TRA construction services has been included in this Bond program.

The final engineering costs associated with the three collection system pipeline segments totals \$2.2 million. Construction costs have been included for one of the pipeline systems called Cade's Branch Interceptor Relief Pipeline No. 2. Further planning activities for the collection system total \$400,000. A contingency amount of \$8,300,000 is also included.

1) White's Branch Alternate Discharge Pipeline and Pump Station	
Construction	\$ 9,600,000
Engineering - General Construction Admin	\$ 190,000
Engineering - Post Construction Services	\$ 30,000
TRA Construction Services	\$ 380,000
2) Cade Branch Interceptor Relief Pipeline No. 1	
Engineering for Final Design and Construction Admin	\$ 500,000
Construction	\$ 3,500,000
Contingency	\$ 175,000
TRA Construction Services	\$ 90,000
3) Cade Branch Interceptor Relief Pipeline No. 2	
Engineering for Final Design and Construction Admin	\$ 200,000
Construction	\$ 1,500,000
Contingency	\$ 75,000
TRA Construction Services	\$ 60,000
4) Henrietta Creek Interceptor Relief Pipeline	
Engineering for Final Design and Construction Admin	\$ 1,500,000
5) Planning	
GIS Phase I and Maintenance Schedule	\$ 50,000
Corrosion Management Plan	\$ 50,000
CMOM Implementation	\$ 200,000
Planning	\$ 100,000
6) Contingency	\$ 8,300,000
<b>Total Amount</b>	<b>\$26,500,000</b>



***1320 South University Drive, Suite 300  
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817-806-1700***



**B**



**PROFORMA COST OF SERVICE  
FY 2009 BOND TWDB ISSUE (\$23.760 par)**

8/28/2008

**DENTON CREEK REGIONAL WASTEWATER SYSTEM**

<b>ENDING 30-Nov</b>	<b>PROJECTED FLOW (MGD)</b>	<b>GROSS COST PER 1000 GAL</b>	<b>TOTAL DEBT SERVICE REVENUES</b>	<b>TOTAL DEBT SERVICE EXPENSE</b>	<b>PROJECTED COVERAGE</b>
2009	5.26	\$3.057	\$5,868,591	\$2,984,900	1.97
2010	5.75	\$2.993	\$6,281,721	\$3,633,929	1.73
2011	6.20	\$3.158	\$7,145,548	\$4,362,095	1.64
2012	6.66	\$3.572	\$8,706,595	\$5,780,606	1.51
2013	7.32	\$3.719	\$9,936,977	\$6,837,915	1.45
2014	7.72	\$3.845	\$10,833,150	\$7,594,778	1.43
2015	8.12	\$3.631	\$10,760,261	\$7,388,979	1.46
2016	8.52	\$3.649	\$11,377,361	\$7,856,360	1.45
2017	8.92	\$3.540	\$11,525,285	\$7,856,780	1.47
2018	9.32	\$3.432	\$11,675,947	\$7,852,809	1.49
2019	9.72	\$3.336	\$11,833,929	\$7,851,919	1.51
2020	10.12	\$3.241	\$12,005,342	\$7,856,409	1.53
2021	10.52	\$3.162	\$12,139,820	\$7,856,114	1.55
2022	10.92	\$3.089	\$12,310,377	\$7,854,314	1.57
2023	11.32	\$3.041	\$12,562,899	\$7,855,290	1.60
2024	11.72	\$3.000	\$12,866,859	\$7,850,280	1.64
2025	12.12	\$2.963	\$13,145,174	\$7,852,919	1.67



**C**



## **TOWN OF ARGYLE, TEXAS**

### **The Town**

The Town of Argyle was incorporated as a General-Law, Type A, municipality in 1963 and is located in Denton County. The Town is thirteen (13) square miles in area and has a current population of approximately 3,100. Located in the high growth area between the Cities of Fort Wroth and Denton, Texas, the Town of Argyle remains best known for its semi-rural character, rolling tree-covered estates and horse ranches.

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

### **Water and Wastewater System**

The Town of Argyle Wastewater Utility Fund is considered an enterprise fund for the purpose of accounting for wastewater service operations. The Town currently contracts for wastewater collection and treatment with the Trinity River Authority and the City of Denton. Limited wastewater collection service exists with only 407 customers being served to date.

The Town of Argyle contracts with the Argyle Water Supply Corporation for its supply and distribution of potable water. The 50-year franchise agreement with the Corporation will expire in 2013. In addition, the Corporation provides wastewater service billing and collection for the aforementioned 407 customers.

## TOWN OF FLOWER MOUND, TEXAS

**TABLE 1 – CONDENSED STATEMENT OF OPERATIONS**

Revenues	Fiscal Year Ended September 30,				
	2007	2006	2005	2004	2003
Charges for Services	\$ 19,871,689	\$ 25,579,065	\$ 20,988,630	\$ 17,675,018	\$ 17,883,473
Penalties, Fines and Forfeits	218,419	243,542	211,380	203,830	215,494
Interest Income	660,316	459,588	240,480	146,354	460,972
Other	45,246	45,232	60,833	1,908,467	1,903,761
<b>Total Revenues</b>	<b>20,795,670</b>	<b>26,327,427</b>	<b>21,501,323</b>	<b>19,933,669</b>	<b>20,463,700</b>
<b>Expenses</b>					
Administration	5,592,151	4,102,430	1,595,920	1,476,296	1,778,303
Maintenance and Operations	14,948,116	15,587,454	15,634,452	14,740,766	14,699,148
<b>Total Expenses</b>	<b>20,540,267</b>	<b>19,689,884</b>	<b>17,230,372</b>	<b>16,217,062</b>	<b>16,477,451</b>
<b>Net Available for Debt Service</b>	<b>\$ 255,403</b>	<b>\$ 6,637,543</b>	<b>\$ 4,270,951</b>	<b>\$ 3,716,607</b>	<b>\$ 3,986,249</b>
Water Customers	21,027	20,986	20,598	20,214	19,795
Sewer Customers	18,473	18,421	18,251	17,957	17,616

**TABLE 2 – COVERAGE AND FUND BALANCE <sup>(1)</sup>**

Average Annual Principal and Interest Requirements 2008 - 2021	\$ 2,889,050
Coverage of Average Requirements by 9/30/07 Net Income	0.09
Maximum Principal and Interest Requirements, 2019	\$ 3,073,896
Coverage of Maximum Requirements by 9/30/07 Net Income	0.08
Waterworks and Sewer System Revenue Bonds Outstanding, 9/30/07	\$ 29,845,000
System Interest and Sinking Fund, 9/30/07	\$ -
Reserve Fund, 9/30/07	\$ 3,055,061

(1) Excludes self-supporting debt.

**TABLE 3 - HISTORICAL WATER CONSUMPTION (GALLONS)**

Fiscal Year Ending 9/30	Total Usage <sup>(1)</sup>	Average Daily Usage <sup>(1)</sup>	Peak Day Usage <sup>(1)</sup>	Actual Peak Day	Total Water & Sewer Revenues Received
2003	3,967,957,118	11,022,103	27,742,000	08/03/03	\$ 17,436,873
2004	3,641,034,396	10,113,984	24,067,000	08/14/04	16,808,509
2005	4,169,291,630	11,581,366	27,287,000	07/03/05	18,363,992
2006	5,496,967,155	15,269,353	29,316,000	07/22/06	24,212,306
2007	3,668,454,585	10,050,561	24,911,000	08/13/07	18,844,729

(1) Gallons of treated water sold.

**TABLE 4 - TEN LARGEST WATER CUSTOMERS**

Customer	Type of Industry	Water Usage	% of Total Water Usage	Water Revenue
Lewisville Independent School District	School District	82,567,320	2.25%	\$ 406,759
Town of Flower Mound	Municipality	66,141,080	1.80%	119,530
Wellington HOA	Home Owners Association (HOA)	27,362,740	0.75%	114,072
Tridge Apartments	Apartments	23,690,000	0.65%	142,318
Lifetime Fitness	Commercial	23,264,750	0.63%	104,529
Bridlewood HOA	Commercial	14,907,850	0.41%	65,889
Red Rock Water Supply	Water Supplier	14,791,500	0.40%	53,503
CWS Apartment Homes	Apartments	14,595,200	0.40%	88,535
Arlie Properties	Apartments	14,059,900	0.38%	77,955
Parker Properties	Commercial	10,455,600	0.29%	55,248
<b>Total</b>		<b>291,835,940</b>	<b>7.96%</b>	<b>\$ 1,228,338</b>

**TABLE 5 - MONTHLY WATER RATES (EFFECTIVE DECEMBER 3, 2007)**

Meter Size	Minimum Bill (Includes 2,000 Gallons)
3/4" or 5/8"	\$19.50
1"	32.82
1 1/2"	55.03
2"	81.68
3"	152.75
4"	232.69
6"	454.77

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

**MONTHLY VOLUME RATES (EFFECTIVE DECEMBER 3, 2007)**

2,000-10,000 gallons	\$2.19 per thousand gallons
10,001-15,000 gallons	\$2.74 per thousand gallons
15,001-50,000 gallons	\$3.28 per thousand gallons
50,000+ gallons	\$3.83 per thousand gallons
Town Meters	\$0.81 per thousand gallons
Fire Hydrants	\$3.83 per thousand gallons

**WATER IMPACT FEES**

Meter Size	Platted Prior to 10/17/94	Platted 10/17/94 - 12/18/00	Platted 12/18/00 - 4/19/04*	Platted After 4/19/04 12/18/00*
	Res./Non-Res.	Res./Non-Res.	Residential	Residential
5/8" x 3/4"	\$ 492.80	\$ 674.00	\$ 1,212.00	\$ 2,342.00
1"	877.18	1,685.00	3,030.00	5,856.00
1 1/2"	1,971.20	3,370.00	6,060.00	11,700.00
2"	3,503.81	5,392.00	9,696.00	18,739.00
3"	7,884.80	11,795.00	19,392.00	37,478.00
4"	14,015.23	20,220.00	30,300.00	58,560.00
6"	31,539.20	42,125.00	60,600.00	117,120.00
8"	56,070.78	60,660.00	96,960.00	187,392.00
10"	87,609.98	97,730.00	139,380.00	269,376.00

\* Commercial Project - rate is reduce to 50% applicable fees.

**TABLE 6 - WASTEWATER USAGE**

Fiscal Year Ending 9/30	Total Usage	Average Daily Usage
2003	1,826,744,565	5,074,290
2004	1,867,106,466	5,186,407
2005	1,853,155,455	5,147,654
2006	2,290,086,888	6,361,352
2007	2,167,206,174	5,937,551

**TABLE 7 - MONTHLY SEWER RATES (EFFECTIVE DECEMBER 3, 2007)**

All size meters:	
First 2,000 gallons	\$15.00 (Minimum)
Over 2,000 gallons	\$2.39 per 1,000 gallons

Residential: Monthly bill based on average consumption during months of December, January and February. If no average has been determined, the customer will be charged based on the rates above, not to exceed \$28.15 per month, until average water usage is determined.

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

**SEWER IMPACT FEES**

Meter Size	Platted	Platted	Platted on or after 12/18/00*		
	Prior to 10/17/94	10/17/94 - 12/18/00	Lakeside Business District	Denton Creek District	Long Prairie District
	Res./Non-Res.	Res./Non-Res.	Residential	Residential	Residential
5/8" x 3/4"	\$ 1,413.00	\$ 1,396.00	\$ 978.00	\$ 1,254.00	\$ 4,204.00
1"	2,515.00	3,490.00	2,445.00	3,135.00	10,510.00
1 1/2"	5,652.00	6,980.00	4,890.00	6,270.00	21,020.00
2"	10,047.00	11,168.00	7,824.00	10,033.00	33,632.00
3"	22,608.00	24,430.00	15,648.00	20,066.00	67,264.00
4"	40,186.00	\$ 41,880.00	24,450.00	31,352.00	105,100.00
6"	90,433.00	87,250.00	48,900.00	62,705.00	210,200.00
8"	160,772.00	125,640.00	78,240.00	100,328.00	336,320.00
10"	251,205.00	202,420.00	112,470.00	144,221.00	483,460.00

\*Commercial Project - rate is reduced to 50% of applicable fees.

**STORM WATER UTILITY FEES (EFFECTIVE OCTOBER 1, 2006)**

<u>Residential</u>		<u>Non-residential</u>	
< 1 Acre	\$3.65	1-25,000 sq. ft.	\$27.50
1-5 Acres	\$3.15	25,000-50,000 sq. ft.	\$37.50
> 5 Acres	\$2.65	> 50,000 sq. ft.	\$47.50
<u>Residential with Detention Credit</u>		<u>Residential with Detention Credit</u>	
< 1 Acre	\$3.03	1-25,000 sq. ft.	\$22.83
1-5 Acres	\$2.61	25,000-50,000 sq. ft.	\$31.13
> 5 Acres	\$2.20	> 50,000 sq. ft.	\$39.43

## CITY OF FORT WORTH, TEXAS

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

Revenues	Fiscal Year Ended September 30,				
	2007 <sup>(1)</sup>	2006 <sup>(1)</sup>	2005	2004	2003
Charges for Services	\$ 261,248	\$ 295,125	\$ 247,255	\$ 221,939	\$ 208,197
Other Operating Revenue	28,848	16,929	14,690	11,748	9,735
Interest on Investments	9,296	9,051	5,705	7,244	7,121
Miscellaneous Revenue	520	2,044	1,233	710	4,185
<b>Total Revenues</b>	<b>\$ 299,912</b>	<b>\$ 323,149</b>	<b>\$ 268,883</b>	<b>\$ 241,641</b>	<b>\$ 229,238</b>
<b>Expenses</b>					
Personal Services	\$ 47,790	\$ 45,391	\$ 40,459	\$ 38,476	\$ 35,329
Supplies and Materials	16,082	15,503	13,468	12,400	12,527
Contractual Services	102,664	103,810	70,462	80,976	81,266
<b>Total Expenses</b>	<b>\$ 166,536</b>	<b>\$ 164,704</b>	<b>\$ 124,389</b>	<b>\$ 131,852</b>	<b>\$ 129,122</b>
<b>Net Available for Debt Service</b>	<b>\$ 133,376</b>	<b>\$ 158,445</b>	<b>\$ 144,494</b>	<b>\$ 109,789</b>	<b>\$ 100,116</b>
Water Accounts	212,213	196,257	196,257	185,616	174,200
Sewer Accounts	203,549	197,617	188,814	178,564	172,200

(1) Preliminary, provided by City officials.

**TABLE 2 - COVERAGE AND FUND BALANCES <sup>(4)</sup>**

Average Annual Principal and Interest Requirements, 2008 - 2027, 9/30/07 <sup>(1)</sup>	\$ 56,753,557
Coverage of Average Annual Requirements by 9/30/07 Unaudited Net Available for Debt Service	2.35x
Maximum Principal and Interest Requirements, 2009, 9/30/07 <sup>(1)</sup>	\$ 85,157,750
Coverage of Maximum Requirements by 9/30/07 Unaudited Net Available for Debt Service	1.57x
Water and Sewer System Revenue Bonds Outstanding, 9/30/2007 <sup>(1)</sup>	\$ 736,348,563 <sup>(2)</sup>
<u>Prior Lien Bonds</u>	
Interest and Sinking Fund, 9/30/07 <sup>(2)</sup>	\$ 22,026,000
Reserve Fund Balance, 9/30/07	\$ - <sup>(3)</sup>
<u>Subordinate Lien Bonds</u>	
Interest and Sinking Fund, 9/30/07 <sup>(2)</sup>	\$ 24,764,440
Reserve Fund Balance, 9/30/07	\$ - <sup>(3)</sup>
<u>Self-Supporting General Obligation Requirements</u>	
Water and Sewer General Obligation Interest and Sinking Fund Balance, 9/30/06	\$ 111,000

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

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

(3) Required Reserve Amount funded with Surety Policies.

(4) Preliminary.

**TABLE 3 - AUTHORIZED BUT UNISSUED REVENUE BONDS <sup>(1)</sup>**

<u>Purpose of Authorization</u>	<u>Date Authorized</u>	<u>Amount Authorized</u>	<u>Amount Previously Issued</u>	<u>Unissued Balance</u>
Water Improvements	2/7/1978	\$20,000,000	\$16,500,000	\$ 3,500,000
Sewer Improvements	2/8/1978	24,000,000	10,000,000	14,000,000
Water Improvements	4/14/1983	25,250,000	6,000,000	19,250,000
Sewer Improvements	4/15/1983	12,300,000	8,000,000	4,300,000
<b>Totals</b>		<u>\$81,550,000</u>	<u>\$40,500,000</u>	<u>\$41,050,000</u>

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

**TABLE 4 - HISTORICAL WATER CONSUMPTION DATA (INSIDE CITY LIMITS) <sup>(1)</sup>**

<u>Fiscal Year Ending 9/30</u>	<u>Meters in Service</u>	<u>Total Water Pumped, M.G.</u>	<u>Average Pumped Daily, M.G.D.</u>	<u>Maximum Day's Pumpage, M.G.D.</u>	<u>Average GPD Per Meter</u>	<u>Ratio Maximum Day to Average Day</u>
2003	173,136	44,113.0	120.9	250.00	692	2.06x
2004	190,930	42,022.4	114.8	185.89	656	1.62x
2005	204,131	63,592.9	174.2	305.00	854	1.80x
2006	196,257	53,191.1	145.7	289.10	743	2.00x
2007	221,089	44,729.1	122.6	271.33	554	2.21x

- (1) Source: City's Water Department.

**TABLE 5 - TEN LARGEST WATER CUSTOMERS (BASED ON GALLONS CONSUMED) <sup>(1)</sup>**

<u>Customer</u>	<u>Total 2007 Consumption (Gallons)</u>	<u>Revenue</u>	<u>% of Total Water Usage</u>
Miller Brewing	903,533,727	\$ 1,887,177	1.65%
Lockheed Martin	342,343,698	723,163	0.62%
Alcon Laboratories	290,540,479	711,332	0.53%
Fort Worth Independent School District	231,974,697	756,606	0.42%
XTO Energy Inc.	217,914,391	685,618	0.40%
Tarrant County	214,650,119	611,520	0.39%
American Airlines	200,333,624	528,252	0.37%
Texas Christian University	173,555,672	515,990	0.32%
Fort Worth Zoological Society	170,969,014	466,975	0.31%
TX Health Resources	152,051,121	433,908	0.28%
	<u>2,897,866,542</u>	<u>\$ 7,320,541</u>	<u>5.28%</u>

- (1) Source: City's Water Department.

**TABLE 6 - ALL WATER SOLD BY CATEGORY (MILLION GALLONS, BY FISCAL YEAR) <sup>(1)</sup>**

Year Ending	Residential	Commercial	Industrial	Wholesale Customers	Raw Water	Yard Meters	Total Water Sales
9/30							
2003	16,209.2	11,122.7	3,450.1	16,601.3	0.0 <sup>(2)</sup>	2,859.6	50,242.9
2004	15,288.0	10,844.0	3,513.1	16,484.1	0.0 <sup>(2)</sup>	2,746.8	48,876.0
2005	17,078.7	11,215.1	3,684.8	19,798.6	0.0 <sup>(2)</sup>	3,264.4	55,041.6
2006	20,947.1	13,335.3	2,704.0	23,477.1	0.0 <sup>(2)</sup>	4,823.0	65,286.5
2007	16,504.8	13,473.8	3,651.6	18,011.6	0.0 <sup>(2)</sup>	3,201.5	54,843.3

(1) Source: City's Water Department.

(2) The City no longer provides raw water. Previous customers contract directly with Tarrant Regional Water District.

**TABLE 7 - TREATED WATER PUMPED (MILLION GALLONS) <sup>(1)</sup>**

Fiscal Year	Inside City Limits	Outside City Limits	Total Water Pumped
2003	44,113.0	16,031.0	60,144.0
2004	42,002.4	16,118.6	58,121.0
2005	44,036.7	19,556.2	63,592.9
2006	53,191.1	22,531.4	75,722.5
2007	44,729.1	18,011.6	62,740.7

(1) Source: City's Water Department.

**TABLE 8 - MONTHLY WATER RATES (EFFECTIVE JANUARY 1, 2008)**

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

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

Meter Size	Monthly Service Charge	Meter Size	Monthly Service Charge
5/8" x 3/4"	\$ 6.00	4"	\$ 83.50
1"	8.50	6"	182.00
1 1/2"	15.50	8"	310.00
2"	23.00	10"	490.00
3"	47.50		

**TABLE 9 - MONTHLY WATER RATES (VOLUME CHARGE ONLY) (EFFECTIVE JANUARY 1, 2008)**

Volume charge: Based on volume of water used.

Residential Customers Rate		Irrigation Rate		Gas Well Driller Rate	
Cubic Feet	Rate	Cubic Feet	Rate	Cubic Feet	Rate
First 1,000	\$1.80 per 100 Cu. Ft.	First 10,000	\$2.47 per 100 Cu. Ft.	First 10,000	\$2.47 per 100 Cu. Ft.
Next 2,000	2.51 per 100 Cu. Ft.	Over 10,000	\$2.91 per 100 Cu. Ft.	Over 10,000	\$2.91 per 100 Cu. Ft.
Over 3,000	2.90 per 100 Cu. Ft.				

Commercial Rate		Industrial Rate		Superuser	
Cubic Feet	Rate	Cubic Feet	Rate	Cubic Feet	Rate
All	\$2.01 per 100 Cu. Ft.	All	\$1.70 per 100 Cu. Ft.	All	\$1.55 per 100 Cu. Ft.

**Raw Water Service  
(Effective October 1, 2006)**

All use per month	\$0.6742 per 1,000 gallons inside Tarrant Regional Water District
All use per month	\$0.7130 per 1,000 gallons outside Tarrant Regional Water District

**Rates for Wholesale Water Service**

The following schedule of rates per month, or fraction thereof, shall be the charges to all wholesale customers for furnishing water to such customers:

Volume Charge (\$/1,000 gallons)*	\$	0.6377
Maximum Day (\$/MGD excess)		103,581.00
Maximum Hour (\$/MGD excess)		29,138.00
Customer (\$/Meter/Month)		25.00

\* Plus raw water cost.

**TABLE 10 - RATES FOR WHOLESALE WATER CONTRACTS**

**Inside and Outside Tarrant Regional Water District  
(Effective January 1, 2008)**

The City and its wholesale water customers located inside and outside of the District have entered into contracts which provide for the annual charge for water used to be computed under paragraphs 1 and 2 below and the customer shall pay the larger amount.

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

Computations for the annual charge based on water used and the maximum rates of withdrawal shall be made in accordance with the

	Inside <u>District</u>	Outside <u>District</u>
Volume Charge, per 1,000 Gallons	\$ 1.3119	\$ 1.3507
Commodity Charge, per 1,000 Gallons *	\$ 1.3119	\$ 1.3507
Excess Maximum Day Demand (per MGD of daily demand in excess of average day demand)	\$ 103,581	\$ 103,581
Excess Maximum Hour Demand (annual charge per MGD of hourly demand in excess of maximum day demand)	\$ 29,138	\$ 29,138
Service Charge per Meter per Month	\$ 25	\$ 25

\* The Commodity Charge is made up of the cost of raw water plus street rental and system loss; and cost of treatment, pumping and similar costs.

2. Annual payments will be the greater of the following:
  - a. The charges calculated by applying the current Volume Charge to Annual Consumption, the appropriate meter reading and billing charge, and the Rate of Use Charge for the current Fiscal Year; or
  - b. The current Fiscal Year Volume Charge, the appropriate meter reading and billing charge, and the current Fiscal Year Charge applied to the average of the Maximum Day Demand above Average Daily Use and the average of the Maximum Hour Demand above Maximum Day Demand for the most recently completed three Fiscal Years. The most recently completed three Fiscal Years will include the current Fiscal Year; or
  - c. Twelve thousand dollars (\$12,000).

*(Remainder of page intentionally left blank.)*

**TABLE 11 - STATUS OF CONTRACTS – WHOLESALE CUSTOMERS**

Entity	Contract Expiration Date	
	Water	Wastewater
Benbrook	12/31/2010	5/14/2017
Bethesda	12/31/2010	**
Blue Mound	*	6/2/2017
Burleson	12/31/2010	5/8/2017
Crowley	12/31/2010	5/8/2017
Dalworthington Gardens	12/31/2010	**
DFW Airport	12/31/2010	**
Edgecliff Village	12/31/2010	5/8/2017
Everman	12/31/2010	5/8/2017
Forest Hill	12/31/2010	5/8/2017
Grand Prairie	12/31/2010	**
Haltom City	12/31/2010	5/8/2017
Haslet	12/31/2010	**
Hurst	12/31/2010	5/8/2017
Keller	12/31/2010	**
Kennedale/D. Strickland	*	10/30/2007
Lake Worth	12/31/2010	5/8/2017
Northlake	12/31/2010	**
North Richland Hills	12/31/2010	5/8/2017
Pantego	*	5/8/2017
Richland Hills	12/31/2010	5/8/2017
River Oaks	*	5/8/2017
Roanoke	12/31/2010	**
Saginaw	12/31/2010	5/8/2017
Sansom Park	12/31/2010	5/8/2017
Southlake	12/31/2010	**
Trinity River Authority of Texas (Mosier Valley)	12/31/2010	12/21/2017
Trinity River Authority of Texas	*	5/21/2017
Trophy Club Municipal Utility District No.1	12/31/2010	**
Watuaga	12/31/2010	**
Westlake	*	12/1/2013
Westover Hills	12/31/2010	10/1/2017
Westworth Village	12/31/2010	5/8/2017
White Settlement	12/31/2010	5/12/2017

\* The City does not supply water to this entity.

\*\* The City does not treat water from this entity.

**TABLE 12 - TEN LARGEST WASTEWATER CUSTOMERS <sup>(1)</sup>**

Customer	Total 2007 Usage (Gallons)	Revenue	% of Total Wastewater Usage
Miller Brewing Company	575,166,537	\$ 2,406,963	1.65%
Lockheed Martin Copr Aircraft	209,592,592	619,870	0.60%
Tarrant County	175,385,819	651,610	0.50%
Alcon Laboratories	175,310,249	553,703	0.50%
Con Agra Foods	151,205,732	549,481	0.43%
Bell Helicopter	131,011,100	388,176	0.38%
Dannon Company	111,820,839	698,017	0.32%
Fort Worth Independent School District	106,072,825	420,012	0.30%
FMC-Carswell	105,938,567	392,367	0.30%
Texas Health Resources	104,420,576	387,393	0.30%
	<u>1,845,924,836</u>	<u>\$ 7,067,592</u>	<u>5.30%</u>

(1) These accounts represent retail (inside City) customers only.

**TABLE 13 - WASTEWATER SALES BY CUSTOMER CLASS FROM FISCAL YEAR 2007 BILLING RECORDS**

Customer Class	Number of Accounts	Volume Billed MG	Sales
Residential	189,631	10,353.3	\$ 44,334,573
Commercial	13,014	8,820.1	34,981,570
Commercial Monitored	534	376.4	1,854,318
Industrial	178	192.3	712,250
Industrial Monitored	168	2,355.0	9,933,418
Municipalities	23	12,582.3	20,698,331
Effluent	1	152.9	96,943
Total	203,549	34,832.3	\$ 112,611,403

*(Remainder of page intentionally left blank.)*

**TABLE 14 - WASTEWATER RETAIL SERVICE RATES (EFFECTIVE JANUARY 1, 2008)**

Rates for Sewerage Service Only

- (1) A monthly service charge shall be charged to all customers in the amount of four dollars and fifty cents (\$4.50).
- (2) A monthly volume charge shall also be charged to residential customers in the amount of two dollars and sixty-four cents (\$2.64) per one hundred (100) cubic feet of water used, and to nonresidential/non-monitored customers in the amount of three dollars and sixteen cents (\$3.16) per one hundred (100) cubic feet of water used, or wastewater produced, as more specifically set forth hereinafter.

The monthly volume charges for residential class customers will be based on the individual customer's average monthly water use during the preceding winter quarter months of December, January and February, but in no event shall the volume used to compute this monthly charge for a single family residential unit or a duplex unit exceed one thousand five hundred (1,500) cubic feet. The volumes used to compute these charges are based on the amount of water used by the residential class customer as measured by a meter. Where no preceding winter quarter average is available from records, the director shall estimate a volume to be used for this monthly volume charge.

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

Customer Monthly Service Charge	\$4.5000
Volume Charge, per 100 cubic feet	\$2.3400
BOD Strength Charge, per pound of BOD	\$0.2208
Suspended Solids Strength Charge per pound of suspended solids	\$0.1010
Dissolved Solids Strength Charge, per pound of dissolved solids (applicable to gas well drillers)	\$0.0420
Monitoring Charge	Total actual cost

**TABLE 15 - WASTEWATER WHOLESALE SERVICE RATES (EFFECTIVE JANUARY 1, 2008)**

Rates for Wholesale Wastewater Contracts

Volume (\$/1,000 gallons)	\$1.0527
BOD (\$/pound)	\$0.3624
Total Suspended Solids (\$/pound)	\$0.2204
Customer (\$/month)	\$75.00

## CITY OF HASLET, TEXAS

**TABLE 1 - MONTHLY WATER RATES (EFFECTIVE FEBRUARY 23, 2004)**

### Residential – Inside City Limits

First 2,000 gallons	\$14.00
Next 28,000 gallons	2.50/1000 gallons
30,001 – 50,000	3.25/1000 gallons
50,001 – 100,000	4.00/1000 gallons
Over 100,000 gallons	6.00/1000 gallons

### Residential – Outside City Limits

First 2,000 gallons	\$21.00
Next 28,000 gallons	3.25/1000 gallons
30,001 – 50,000	4.50/1000 gallons
50,001 – 100,000	5.00/1000 gallons
Over 100,000 gallons	7.00/1000 gallons

### Commercial and Industrial – Inside City Limits

First 2,000 gallons		
¾"		\$25.00
1"		\$50.00
2"		\$150.00
3"		\$300.00
4"		\$600.00
5"		\$1,000.00
Next 28,000 gallons		8.00/1000 gallons
30,001 – 50,000		10.00/1000 gallons
50,001 – 100,000		12.00/1000 gallons
Over 100,001 gallons		15.00/1000 gallons
Water Installation Fee - \$450.00 -		
Residential		
Commercial Water Installation Fee	2"	\$250.00
	4"	\$300.00
	6"	\$350.00
	38"	\$400.00
	>8"	\$500.00

### Use of Water from a Fire Hydrant

For temporary use of water from a fire hydrant the minimum payment for service and the first 2,000 gallons is \$50.00.

Next 28,000 gallons	8.00/1000 gallons
30,001 – 50,000	10.00/1000 gallons
50,001 – 100,000	12.00/1000 gallons
Over 100,001 gallons	15.00/1000 gallons

**TABLE 2 - WATER USAGE**

<u>Year Ended 30-Sep</u>	<u>Total Number of Pumped Gallons</u>	<u>Average Daily Pumped</u>	<u>Peak Daily Pumped</u>	<u>Revenues Received</u>
2003	165,303,800	452,887	1,130,400	\$ 831,297
2004	126,790,500	347,371	770,600	912,835
2005	166,544,980	456,288	1,166,100	1,033,223
2006	182,737,752	500,651	1,441,634	1,602,679
2007	117,405,602	321,659	1,782,539	1,092,937

**TABLE 3 - TEN LARGEST WATER CUSTOMERS**

<u>Customer</u>	<u>Fiscal 2007 Water Usage (Gallons)</u>	<u>Estimated Percent of Water Usage</u>	<u>Water Revenues Received</u>
Volkswagen of America	3,481,700	2.97%	\$ 50,686
Americold Logistic	3,120,900	2.66%	44,721
XTO Energy	2,158,540	1.84%	6,203
XTO Energy	1,905,800	1.62%	28,235
Hillwood Properties	1,505,700	1.28%	18,732
Hillwood Properties	1,459,200	1.24%	19,987
S.C. Johnson & Son Inc.	1,446,700	1.23%	21,270
Americold Logistic	1,201,500	1.02%	17,237
Americold Logistic	903,200	0.77%	11,988
Santa Fe Utility	869,176	0.74%	12,209
	<u>18,052,416</u>	<u>15.38%</u>	<u>\$231,269</u>

*(Remainder of page intentionally left blank.)*

**TABLE 4 - MONTHLY SEWER RATES (EFFECTIVE FEBRUARY 23, 2004)**

Residential

\$10.00 per month plus \$1.65/1000 gallons of water used

New average monthly consumption figures for each user will be determined each year using actual consumption during the months of December, January, and February to determine a new monthly average for use during the next calendar year.

The monthly rate for commercial and industrial sewer service is \$4.00 per 1,000 gallons of water used plus a monthly base rate for commercial and industrial sewer service determined by meter size for customers with (1) separate dedicated water meters for irrigation purposes, or (2) with water meters in excess of 3/4 inch, as follows:

<u>SIZE (meters)</u>	<u>RATE</u>
3/4"	\$20
1"	25
1 1/2"	35
2"	50
3"	75
4"	90
6"	150
8"	200
10"	300

Commercial and Industrial

\$20.00 per month plus

\$ 4.000/1000 gallons of water used plus

\$ 0.090 per pound of Biological Oxygen Demand plus

\$ 0.057 per pound of Total Suspended Solids

Sewer Installation Fee - \$275.00

*(Remainder of page intentionally left blank.)*

## CITY OF KELLER, TEXAS

**TABLE 1 - WATERWORKS AND SEWER SYSTEM CONDENSED STATEMENT OF OPERATIONS**

	Fiscal Year Ended September 30,				
	2007	2006	2005	2004	2003
Gross Revenue <sup>(1)</sup>	\$ 15,999,831	\$ 19,423,269	\$ 15,487,700	\$ 12,315,214	\$ 12,287,307
Expenses <sup>(2)</sup> :					
Water Purchased	4,147,890	5,476,097	4,575,330	3,564,969	3,853,429
Other	6,730,916	6,033,663	5,399,606	4,984,312	4,701,515
Total Expenses	<u>\$ 10,878,806</u>	<u>\$ 11,509,760</u>	<u>\$ 9,974,936</u>	<u>\$ 8,549,281</u>	<u>\$ 8,554,944</u>
Net Revenue Available for					
Debt Service	<u>\$ 5,121,025</u>	<u>\$ 7,913,509</u>	<u>\$ 5,512,764</u>	<u>\$ 3,765,933</u>	<u>\$ 3,732,363</u>
Water Customers	13,419	13,111	13,376	12,924	12,711
Sewer Customers	10,912	10,595	10,156	9,764	9,467

(1) Operating revenues, investment interest, and miscellaneous income.

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

**TABLE 2 - COVERAGE AND FUND BALANCES**

As of September 30, 2007, the City of Keller, Texas, has no water and sewer revenue debt outstanding.

**TABLE 3 - AUTHORIZED BUT UNISSUED REVENUE BONDS**

As of September 30, 2007, the City has no authorized but unissued revenue bonds.

**TABLE 4 - WATER USAGE**

Year Ended 30-Sep	Total Number of Pumped Gallons	Average Daily Pumped	Peak Daily Pumped
2003	2,515,450,000	6,892,000	17,141,000
2004	2,443,623,000	6,677,000	13,226,000
2005	2,934,258,000	8,039,000	17,858,000
2006	3,539,265,000	9,697,000	18,481,000
2007	2,318,926,000	6,353,000	15,371,000

*(Remainder of page intentionally left blank.)*

**TABLE 5 - TEN LARGEST WATER CUSTOMERS**

<u>Customer</u>	<u>Fiscal 2007 Water Usage (Gallons in 000's)</u>	<u>Estimated Percent of Water Usage</u>	<u>Water Revenues Received</u>
Keller Independent School District	46,049,200	2.16%	\$ 248,790
City of Keller	39,143,100	1.83%	119,679
Whiteco Residential, LLC	20,196,500	0.95%	108,326
Hidden Lakes Home Owner Ass'n	10,841,200	0.51%	61,526
Meadow Glen Mobile Home Park	7,867,300	0.37%	40,567
Mimosa Manor	7,119,900	0.33%	37,660
Keller Senior Community, LP	7,029,000	0.33%	36,003
Keller Oaks Healthcare Center	6,576,300	0.31%	33,918
Golden Corral Corp.	6,027,600	0.28%	30,556
Mario Sinacola & Sons	5,496,200	0.26%	28,322
	<u>156,346,300</u>	<u>7.33%</u>	<u>\$ 745,347</u>
All Other Customers	<u>1,977,582,100</u>	<u>92.67%</u>	<u>9,052,783</u>
Total Water Sold	<u>2,133,928,400</u>	<u>100.00%</u>	<u>\$ 9,798,130</u>

**TABLE 6 - MONTHLY WATER RATES (EFFECTIVE APRIL 1, 2006)**

	<u>Residential</u>	<u>Commercial</u>
0 to 2,000 gallons	\$20.26 Minimum*	\$20.26 Minimum*
2,001 to 10,000 gallons	\$2.86/M gallons	\$2.86/M gallons
10,001 to 20,000 gallons	\$3.18/M gallons	\$3.50/M gallons
20,001 to 25,000 gallons	\$3.61/M gallons	\$4.13/M gallons
25,001 to 40,000 gallons	\$4.72/M gallons	\$4.72/M gallons
+40,000 gallons	\$5.15/M gallons	\$5.15/M gallons

\* Minimum varies according to meter size. Rates indicated are for a 5/8 inch meter.

**TABLE 7 - MONTHLY SEWER RATES (EFFECTIVE APRIL 1, 2006)**

Residential:	\$11.85 Minimum plus \$2.69/M Gallons (Based on December, January and February average water consumption): Maximum to 20,000 Gallons
Non Residential:	\$11.85 Minimum plus \$2.69/M Gallons (Based on monthly water consumption, no maximum.)

Outside City Limits 1.15 times the above rates.

# TOWN OF NORTHLAKE, TEXAS

## TABLE 1 - MONTHLY WATER AND SEWER RATES (EFFECTIVE DECEMBER 2007)

	Meter/Line Size	Meter Type	Water Fees				Sewer Fees	
			Base Monthly Service Charge	Water Meter Deposit	Water Meter Tap Fee (1)	Water Meter Placement Fee	Sewer Tap Fee*	Base Monthly Service Charge
Water/Sewer Service Fees	3/4"	Simple	\$ 19.50	\$ 75.00	\$ 1,100.00 w/. Box	\$ 350.00	-	\$ 19.50
	1"	Simple	\$ 30.00	\$ 100.00	Actual Cost w/. Box	\$ 400.00	-	\$ 30.00
	1 1/2"	Simple	\$ 40.00	\$ 150.00	Actual Cost w/. Box	\$ 550.00	-	\$ 40.00
	2"	Simple	\$ 60.00	\$ 200.00	Actual Cost w./ Vault	\$ 625.00	-	\$ 60.00
	2"	Compound	\$ 60.00	\$ 200.00	Actual Cost w./ Vault	\$ 1,550.00	-	\$ 60.00
	2"	Turbine	\$ 60.00	\$ 200.00	Actual Cost w./ Vault	\$ 950.00	-	\$ 60.00
	3"	Compound	\$ 85.00	\$ 300.00	Actual Cost w./ Vault	\$ 1,800.00	-	\$ 85.00
	3"	Turbine	\$ 85.00	\$ 300.00	Actual Cost w./ Vault	\$ 1,200.00	-	\$ 85.00
	4"	Compound	\$ 125.00	\$ 400.00	Actual Cost w./ Vault	\$ 2,400.00	Actual Cost	\$ 125.00
	4"	Turbine	\$ 125.00	\$ 400.00	Actual Cost w./ Vault	\$ 1,550.00	Actual Cost	\$ 125.00
	6"	Compound	\$ 250.00	\$ 500.00	Actual Cost w./ Vault	\$ 4,200.00	Actual Cost	\$ 250.00
	6"	Turbine	\$ 250.00	\$ 500.00	Actual Cost w./ Vault	\$ 2,800.00	Actual Cost	\$ 250.00

**Water Rates - Residential (per meter)**

Base Monthly Service Charge	See Above
Usage (per 1000 gal up to 15,000 gal)	\$ 2.75
Usage (per 1000 gal over 15,001 to 25,000)	\$ 3.60
Usage (per 1000 gal over 25,001 gal)	\$ 4.95
Beyond Town Limits	Above Rate

**Water Rates - Commercial/Industrial (per meter)**

Base Monthly Service Charge	1.5x	Above Rate
Usage (per 1000 gal up to 15,000 gal)		3.85
Usage (per 1000 gal over 15,001 to 25,000)		4.65
Usage (per 1000 gal over 25,001 gal)		5.65
Beyond Town Limits	2x	Above Rate

**Sewer Rates-Residential (per water meter except sp.use meters)**

Base Monthly Service Charge	See Above
Discharge (per 1000 gal)	\$ 2.20
Beyond Town Limits	2x Above Rate

**Sewer Rates-Com./Ind. (per water meter except sp.use meters)**

Base Monthly Service Charge	1.5x	Above Rate
Discharge (per 1000 gal)		3.3
BOD Surcharge		0.25 /lb. BOD
TSS Surcharge		0.5 /lb.TSS
Beyond Town Limits	2x	Above Rate

Ordinance 06-0112A amended the Cost Recovery Fee Schedule for Water and Wastewater Utility Activities in those situations only in which the entire cost of the utility infrastructure necessary to serve a residential or commercial customer outside the corporate limits of Northlake has been borne entirely by a developer, or party other than the Town, such that the Town has not incurred any cost to extend or provide utility service to the customer, such residential or commercial customers shall be charged the standard rate applicable to such customer for water or wastewater services, rather than two (2) times the standard rate.

Fire Hydrant Meter Charges	\$1,125 for deposit + \$50 per mo rental + In-Town Commercial Usage Rate
Water Reconnect for Non-Payment	125
Water Meter Re-read	17.5
Late Payment Fee	5% Overdue Balance per 15 days \$10.00 min)

(1) Charged only if not provided by property owner

	Meter Size	Meter Type	Equivalence Factor	Water Base Rate	(1) Water Fee	Sewer Base Rate	Sewer Fee	Northlake Total Fee	(2) Ft Worth Water Fee	Total Cost Recov. Fee
	Cost Recovery Fees	3/4"	Simple	1	\$ 650.00	\$ 650.00	\$ 120.00	\$ 120.00	\$ 770.00	\$ 920.00
1"		Simple	2	\$ 650.00	\$ 1,300.00	\$ 120.00	\$ 240.00	\$ 1,540.00	\$ 1,536.00	\$ 3,076.00
1 1/2"		Simple	4	\$ 650.00	\$ 2,600.00	\$ 120.00	\$ 480.00	\$ 3,080.00	\$ 3,064.00	\$ 6,144.00
2"		Simple	6	\$ 650.00	\$ 3,900.00	\$ 120.00	\$ 720.00	\$ 4,620.00	\$ 4,904.00	\$ 9,524.00
2"		Compound	8	\$ 650.00	\$ 5,200.00	\$ 120.00	\$ 960.00	\$ 6,160.00	\$ 4,904.00	\$ 11,064.00
2"		Turbine	10	\$ 650.00	\$ 6,500.00	\$ 120.00	\$ 1,200.00	\$ 7,700.00	\$ 4,904.00	\$ 12,604.00
3"		Compound	12	\$ 650.00	\$ 7,800.00	\$ 120.00	\$ 1,440.00	\$ 9,240.00	\$ 10,736.00	\$ 19,976.00
3"		Turbine	16	\$ 650.00	\$ 10,400.00	\$ 120.00	\$ 1,920.00	\$ 12,320.00	\$ 10,736.00	\$ 23,056.00
4"		Compound	24	\$ 650.00	\$ 15,600.00	\$ 120.00	\$ 2,880.00	\$ 18,480.00	\$ 19,320.00	\$ 37,800.00
4"		Turbine	28	\$ 650.00	\$ 18,200.00	\$ 120.00	\$ 3,360.00	\$ 21,560.00	\$ 19,320.00	\$ 40,880.00
6"		Compound	50	\$ 650.00	\$ 32,500.00	\$ 120.00	\$ 6,000.00	\$ 38,500.00	\$ 42,936.00	\$ 81,436.00
6"		Turbine	63	\$ 650.00	\$ 40,950.00	\$ 120.00	\$ 7,560.00	\$ 48,510.00	\$ 42,936.00	\$ 91,446.00

**TABLE 3 - STATEMENTS OF REVENUES AND EXPENSES (EFFECTIVE SEPTEMBER 30, 2007)**

	Fiscal Year End September 30,				
	2007 <sup>(1)</sup>	2006	2005	2004	2003
<u>Operating Revenues</u>					
Water and Sewer Sales	\$ 273,243	\$ 391,221	\$ 290,395	\$ 317,508	\$ 632,463
<u>Operating Expenses</u>					
Operating Expenses	387,656	418,194	260,668	258,633	331,795
Depreciation	-	23,409	12,641	12,641	12,641
Total Operating Expenses	\$ 387,656	\$ 441,603	\$ 273,309	\$ 271,274	\$ 344,436
Operating Income	\$ (114,413)	\$ (50,382)	\$ 17,086	\$ 46,234	\$ 288,027
Non-Operating Revenues (Expenses):					
Interest Income	24,400	17,065	2,871	-	2,282
Interest Expense and Fiscal Agent Fees	-	(4,442)	(6,590)	(9,188)	(10,680)
Miscellaneous	-	7,768	-	19,366	-
Total Non-Operating Revenues (Expenses)	20,391		(3,719)	10,178	(8,398)
Income Before Contributions and Operating Transfers	(94,022)	(50,382)	13,367	56,412	279,629
Contributed Assets	-	706,150	-	-	-
Operating Transfers In	-	30,000	-	-	-
Operating Transfers Out	-	(6,504)	(61,325)	(234,000)	-
Net Income	\$ (94,022)	\$ 679,264	\$ (47,958)	\$ (177,588)	\$ 279,629

(1) Preliminary, provided by City officials.

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## CITY OF ROANOKE, TEXAS

**TABLE 1 - MONTHLY WATER RATES (EFFECTIVE SEPTEMBER 11, 2007)**

Based on Meter Size	Water
5/8"	\$17.50
3/4"	\$17.50
1"	\$43.75
1.5"	\$87.50
2"	\$140.00
3"	\$262.50
4"	\$437.50
6"	\$875.00
8"	\$1,400.00
10"	\$2,012.50
<b>Residential</b>	
5,001 – 10,000 gallons	\$2.22
10,001 – 15,000 gallons	\$2.77
15,001 – 25,000 gallons	\$3.33
Over 25,000 gallons	\$3.88
<b>Commercial</b>	
5,001 – 10,000 gallons	\$2.22
10,001 – 15,000 gallons	\$2.77
15,001 – 25,000 gallons	\$3.33
Over 25,000 gallons	\$3.88

**TABLE 2 - WATER USAGE**

Year Ended <u>30-Sep</u>	Total Number of <u>Pumped Gallons</u>	Average Daily <u>Pumped</u>	Peak Daily <u>Pumped</u>
2003	215,554,000	590,000	2,050,000
2004	226,691,500	620,000	2,160,000
2005	331,632,700	905,000	3,150,000
2006	430,335,300	1,180,000	4,088,000
2007	343,451,200	941,000	3,260,000

**TABLE 3 - TEN LARGEST WATER CUSTOMERS**

<u>Customer</u>	<u>Fiscal 2007 Water Usage (Gallons)</u>	<u>Water Revenues Received</u>
Citibank	409,768	\$79,885
Mid-America dba Boulder Ridge Apts	300,280	296,386
Behr Processing	281,964	31,116
Randall's - Tom Thumb	139,906	66,356
Mid-America dba Watermark Apts	92,099	128,593
Hillwood Properties	83,486	31,662
Bridgestone/Firestone	70,720	24,624
Amerisource Bergen	69,857	36,870
WW Grainger	61,798	29,329
General Motors	61,187	21,243
	<u>1,571,065</u>	<u>\$746,064</u>

**TABLE 4 - MONTHLY SEWER RATES (EFFECTIVE SEPTEMBER 11, 2007)**

<b>Based on Meter Size</b>	<b>Waste Water</b>
5/8"	\$14.50
3/4"	\$14.50
1"	\$36.25
1.5"	\$72.50
2"	\$116.00
3"	\$217.50
4"	\$362.50
6"	\$725.00
8"	\$1,160.00
10"	\$1,667.50
<b>Residential</b>	
5,001 – 10,000 gallons	\$2.99
10,001 – 15,000 gallons	\$2.99
15,001 – 25,000 gallons	\$2.99
Over 25,000 gallons	\$2.99
<b>Commercial</b>	
5,001 – 10,000 gallons	\$2.99
10,001 – 15,000 gallons	\$2.99
15,001 – 25,000 gallons	\$2.99
Over 25,000 gallons	\$2.99
Reconnect Fee	\$25.00
Transfer Fee	\$25.00

## CITY OF SOUTHLAKE, TEXAS

**TABLE 1 - WATERWORKS AND SEWER SYSTEM CONDENSED STATEMENT OF OPERATIONS**

	Fiscal Year Ended September 30,				
	2007 <sup>(1)</sup>	2006	2005	2004	2003
<b>Revenues</b>					
Water and Sewer	\$ 14,264,884	\$ 19,996,304	\$ 15,931,973	\$ 13,670,772	\$ 14,423,051
Service Fees	1,012,435	169,612	165,684	43,620	84,728
Interest Income	320,392	1,024,603	412,793	380,571	335,487
Other Revenues	474,516	940,863	2,474,258	1,671,818	1,412,163
<b>Total Revenues</b>	<b>\$ 16,072,227</b>	<b>\$ 22,131,382</b>	<b>\$ 18,984,708</b>	<b>\$ 15,766,781</b>	<b>\$ 16,255,429</b>
<b>Expenses</b>					
Water Purchased	\$ 5,194,763	\$ 6,902,105	\$ 5,269,339	\$ 4,484,821	\$ 4,965,197
Other Expenses	6,978,849	6,231,152	3,347,191	5,785,318	3,747,110
<b>Total Expenses</b>	<b>\$ 12,173,612</b>	<b>\$ 13,133,257</b>	<b>\$ 8,616,530</b>	<b>\$ 10,270,139</b>	<b>\$ 8,712,307</b>
<b>Net Available for Debt Service</b>	<b>\$ 3,898,615</b>	<b>\$ 8,998,125</b>	<b>\$ 10,368,178</b>	<b>\$ 5,496,642</b>	<b>\$ 7,543,122</b>
Water Customers	8,994	8,714	8,584	8,299	7,821
Sewer Customers	6,810	6,498	6,358	6,119	5,821

(1) Preliminary, provided by City officials.

**TABLE 2 - COVERAGE AND FUND BALANCES**

The City no longer has water and sewer revenue debt outstanding.

**TABLE 3 - AUTHORIZED BUT UNISSUED REVENUE BONDS**

As of September 30, 2007, the City has no authorized but unissued revenue bonds.

**TABLE 4 - HISTORICAL WATER CONSUMPTION DATA**

Year Ended 9/30	Total Number of Pumped Gallons (in billions)	Average Daily Pumped	Peak Daily Pumped	Revenues Received
2003	2,900,344	7,946,148	23,150,000	\$ 10,058,981
2004	2,717,880	7,425,902	21,249,000	9,215,588
2005	3,585,781	9,824,058	23,880,000	11,264,761
2006	4,171,441	13,072,443	27,075,000	14,388,152
2007	2,831,889	7,758,600	17,217,000	11,443,282

**TABLE 5 - TEN LARGEST WATER CUSTOMERS**

Customer	Fiscal 2007		
	Water Usage Gallons	% of Usage	Revenue
Inland Southwest Management	35,788,263	1.26%	\$217,179
Southlake Dunhill Holdings I LTD	14,736,940	0.52%	82,467
Carroll High School-Aquatic Center	12,565,110	0.44%	82,496
Cleburne Eubank Intermediate	8,722,800	0.31%	36,840
Southern Star Concrete	8,678,500	0.31%	35,885
Verizon Communications	8,158,100	0.29%	49,736
Carroll Senior High School	7,354,500	0.26%	30,777
Carroll High School	6,992,000	0.25%	30,302
Equity One Realty & Management	6,741,512	0.24%	34,539
The Cheesecake Factory	6,455,500	0.23%	45,871

**TABLE 6 - MONTHLY WATER RATES**

	Residential			
	Inside City	Elderly/Hardship	Outside City	
First 2,000 gallons	\$ 26.16 (Minimum)	\$ 11.83 (Minimum)	\$ 34.01 ( Minimum)	
2,001-10,000 gallons	2.75 per 1,000 gallons	2.75 per 1,000 gallons	2.75 per 1,000 gallons	
10,001-25,000 gallons	3.25 per 1,000 gallons	3.25 per 1,000 gallons	3.25 per 1,000 gallons	
25,001-40,000 gallons	3.50 per 1,000 gallons	3.50 per 1,000 gallons	3.50 per 1,000 gallons	
Over 40,001 gallons	4.00 per 1,000 gallons	4.00 per 1,000 gallons	4.00 per 1,000 gallons	

Gallons	Commercial Meter Size						
	1.0"	1.5"	2.0"	3.0"	4.0"	6.0"	8.0"
First 3,000	\$41.20						
First 5,000		\$68.02					
First 7,000			\$94.84				
First 10,000				\$136.05			
First 12,000					\$162.87		
First 15,000						\$204.07	
First 18,000							\$245.28

Excess required gallons-	
3,001-10,000 gallons	\$ 2.75 per 1,000 gallons
10,001-25,000 gallons	\$3.25 per 1,000 gallons
25,001-40,000 gallons	\$3.50 per 1,000 gallons
Over 40,001 gallons	\$4.00 per 1,000 gallons

**TABLE 7 - MONTHLY SEWER RATES**

First 2,000 gallons	\$26.16
Each additional 1,000 gallons in excess of 2,000 gallons up to 10,000 gallons	\$3.00

## TOWN OF WESTLAKE, TEXAS

### THE TOWN

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

Westlake is also the home of Solana, a high profile corporate campus located near Texas State Highway 114. Tenants in Solana include Levi-Strauss, Wells Fargo, First American Title Company, Lucent Technologies, Pfizer, Inc., Solar Healthcare, and other well-known international businesses as well as smaller local businesses. Westlake is also home to Fidelity Investments and Daimler-Chrysler. Solana's Village Circle provides a mix of office, retail, restaurant, and hotel space. Solana constitutes the majority of Westlake's tax base.

### WATER AND SEWER SYSTEM

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

The Town has a contract with the City of Fort Worth, Texas to purchase water. Under the contract, the Town may obtain a supply of portable water at a reasonable rate based on water usage. The rate charges are subject to minimum annual contract payments. Water expense for the year ended September 30, 2007 was approximately \$513,937.

The Town has an agreement with Trinity River Authority whereby the Trinity River Authority has agreed to provide a wastewater treatment system for the benefit of the Town. The Town's annual expense for the year ended September 30, 2007 was approximately \$143,574.

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# CIRCLE T. MUNICIPAL UTILITY DISTRICT NO. 1

## AUTHORITY

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

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

## DESCRIPTION AND LOCATION

The District contains approximately 429 acres of land and is located wholly within the Town of Westlake. The District lies partially within Tarrant County and within Denton County.

## OWNERSHIP

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

## MANAGEMENT

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

### Board Members

<u>Name</u>	<u>Term Expires</u>	<u>Office</u>
A. B. Waldron	May, 2008	President
Vacant	-	Vice President
R. E. Josserand	May, 2008	Secretary/Treasurer
Calvin Peterson	May, 2010	Assistant Secretary/Treasurer
Vacant	-	Director

The District has entered into a Development Reimbursement Agreement with AIL Investment, L.P., an affiliate and entity of Hillwood ("Developer") wherein the Developer has agreed, among other things, that it may pay or advance the funds necessary to pay for such projects and

facilities which the District deems necessary and proper in carrying out its statutory functions until such time as the District is able to sell its own bonds at reasonable rates and terms. The improvements to be made by the Authority for the District will benefit the owners referenced above. While no assurance can be given that the Contract between the Authority and the District falls within the interest of the Development Reimbursement Agreement, it is possible that the Developer could meet the contractual obligations the District has to the Authority under the Contract.

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## CIRCLE T. MUNICIPAL UTILITY DISTRICT NO. 3

### AUTHORITY

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

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

### DESCRIPTION AND LOCATION

The District contains approximately 1,117 acres of land and is located wholly within the Town of Westlake. The District lies partially within Tarrant County and within Denton County.

### OWNERSHIP

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

### MANAGEMENT

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

#### Board Members

<u>Name</u>	<u>Term Expires</u>	<u>Office</u>
Rice M. Tilley, Jr.	May, 2010	President
Vacant		Vice President
Kelly R. Thompson	May, 2010	Secretary
Vacant		Director
Omas LeWayne Peterson	May, 2008	Director

The District has entered into a Development Reimbursement Agreement with AIL Investment, L.P., an entity affiliated with Hillwood ("Developer") wherein the Developer has

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

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RESOLUTION NO. R-1239

CERTIFICATE FOR  
A RESOLUTION BY THE BOARD OF DIRECTORS OF TRINITY RIVER AUTHORITY OF TEXAS REQUESTING FINANCIAL ASSISTANCE FROM THE TEXAS WATER DEVELOPMENT BOARD; AUTHORIZING THE FILING OF AN APPLICATION FOR ASSISTANCE; AND MAKING CERTAIN FINDINGS IN CONNECTION THEREWITH

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 25TH DAY OF JUNE, 2008, at the designated meeting place, and the roll was called of the duly constituted officers and members of said Board, to-wit:

Michael Cronin, President	John W. Jenkins
Linda D. Timmerman, Ed.D., Vice President	Katrina M. Keyes
Howard S. Slobodin, Secretary	Nancy E. Lavinski
Connie H. Arnold	Andrew Martinez
Harold L. Barnard	Kevin Maxwell
Herschel S. Brannen III	James W. Neale
Leslie C. Browne	Shanda S. Perkins
Karl R. Butler	Manny Rachal
Patricia Carlson	AnaLaura Saucedo
Patricia T. Clapp	Shirley K. Seale
Steve Cronin	Kim C. Wyatt
Hector Escamilla, Jr.	Vacancy
Jerry F. House, D.Min.	

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

A RESOLUTION BY THE BOARD OF DIRECTORS OF TRINITY RIVER AUTHORITY OF TEXAS REQUESTING FINANCIAL ASSISTANCE FROM THE TEXAS WATER DEVELOPMENT BOARD; AUTHORIZING THE FILING OF AN APPLICATION FOR ASSISTANCE; AND MAKING CERTAIN FINDINGS IN CONNECTION THEREWITH

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

NAY: None.

ABSTAIN: None.

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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 25th day of June, 2008.



Secretary, Board of Directors,  
Trinity River Authority of Texas

(AUTHORITY SEAL)

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RESOLUTION NO. R-1239

A RESOLUTION BY THE BOARD OF DIRECTORS OF TRINITY RIVER AUTHORITY OF TEXAS REQUESTING FINANCIAL ASSISTANCE FROM THE TEXAS WATER DEVELOPMENT BOARD; AUTHORIZING THE FILING OF AN APPLICATION FOR ASSISTANCE; AND MAKING CERTAIN FINDINGS IN CONNECTION THEREWITH

THE STATE OF TEXAS  
TRINITY RIVER AUTHORITY OF TEXAS

WHEREAS, the Board of Directors of Trinity River Authority of Texas (the "Authority") hereby finds and determines that there is an urgent need for the Authority to acquire and construct improvements and extensions to the Authority's Denton Creek Regional Wastewater System (the "Project"); and

WHEREAS, such capital improvements cannot be reasonably financed unless financial assistance is obtained from the Texas Water Development Board.

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

1. That an application is hereby approved and authorized to be filed with the Texas Water Development Board seeking financial assistance in an amount not exceed \$28,000,000 to provide for the costs of acquiring and constructing the Project.

2. That the General Manager of said Authority be and hereby is designated the authorized representative of the Authority for purposes of furnishing such information and executing such documents as may be required in connection with the preparation and filing of such application for financial assistance and with complying with the rules of the Texas Water Development Board.

3. That the following firms and individuals are hereby authorized and directed to aid and assist in the preparation and submission of such application and appear on behalf of and represent the Authority before any hearing held by the Texas Water Development Board on such application, to wit:

Financial Advisor:

W. Boyd London, Jr.  
Mary Williams  
First Southwest Company  
1700 Pacific Avenue  
Suite 500  
Dallas, Texas 75201  
(214) 953-4013

Engineer:

Alan Plummer Associates, Inc.  
Alan Plummer, P.E.  
1320 S. University Drive  
Suite 300  
Fort Worth, Texas 76107-5764  
(817) 806-1700

Bond Counsel:

G. Charles Kobdich  
McCall, Parkhurst & Horton  
L.L.P.  
717 N. Harwood St.  
Suite 900  
Dallas, Texas 75201  
(214) 754-9236



**E**



APPLICATION AFFIDAVIT

THE STATE OF TEXAS  
TRINITY RIVER AUTHORITY OF TEXAS

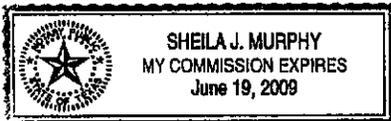
BEFORE ME, the undersigned, a Notary Public, in and for the State of Texas, on this day personally appeared the General Manager, who being by me duly sworn, upon oath says that (i) to the best of his knowledge and belief, the facts and information contained in the Application to the Texas Water Development Board for financial assistance are true and correct, (ii) the Authority will comply with all representations in the Application to the Texas Water Development Board for financial assistance, all laws of the State of Texas, and all rules and published policies of the Texas Water Development Board, (iii) to the best of his knowledge, there is no litigation or other proceeding pending or threatened against the Authority before any court, agency, or administrative body wherein an adverse decision would materially adversely affect the financial condition of the Authority or the ability of the Authority to issue debt and (iv) the Application to the Texas Water Development Board for financial assistance was approved by the Board of Directors in an open meeting.

TRINITY RIVER AUTHORITY OF TEXAS

By: \_\_\_\_\_

*Danny F. Vance*  
General Manager

SUBSCRIBED AND SWORN TO BEFORE ME, by Danny F. Vance, General Manager, this 27<sup>th</sup> day of June, 2008.



(SEAL)

*Sheila J. Murphy*  
Notary Public in and for the  
State of Texas

My commission expires:  
\_\_\_\_\_



**F**



TRINITY RIVER AUTHORITY OF TEXAS - DENTON CREEK REGIONAL  
WASTEWATER TREATMENT SYSTEM SEVENTH SUPPLEMENTAL CONTRACT  
(TOWN OF ARGYLE, TEXAS)

THE STATE OF TEXAS :

TRINITY RIVER AUTHORITY OF TEXAS :

THIS TRINITY RIVER AUTHORITY OF TEXAS - DENTON CREEK REGIONAL WASTEWATER TREATMENT SYSTEM SEVENTH SUPPLEMENTAL CONTRACT (TOWN OF ARGYLE, TEXAS) (the "Contract") made and entered into as of the 6th day of December, 2006, by and between TRINITY RIVER AUTHORITY OF TEXAS (the "Authority"), 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 Chapter 518, Acts of the 54th Legislature of the State of Texas, Regular Session, 1955, as amended (the "Authority Act"), and the TOWN OF ARGYLE, in Denton County, Texas (the "Town" or the "Eighth Additional Contracting Party").

WITNESSETH:

WHEREAS, the Town is a duly created municipality and political subdivision of the State of Texas operating under the Constitution and laws of the State of Texas; and

WHEREAS, the Authority and the Eighth Additional Contracting Party are authorized to enter into this Contract pursuant to the Authority Act, Chapter 30, Texas Water Code, and other applicable laws; and

WHEREAS, the Authority has acquired and constructed and is operating a regional Wastewater treatment system to serve various Contracting Parties within the watershed or drainage area of Denton Creek, a tributary of the Trinity River, located in Denton and Tarrant Counties, Texas (the "System"); and

WHEREAS the System acquired and constructed is described in an engineering report of Rady & Associates, Fort Worth, Texas, entitled "Comprehensive Feasibility Study on Denton Creek Regional Wastewater System", dated August, 1987, and includes wastewater treatment facilities and capacities designed and currently sufficient to serve (within the watershed of Denton Creek) the Cities of Fort Worth, Haslet, and Roanoke (the "Initial Contracting Parties"), as well as the City of Southlake and Lake Turner Municipal Utility District No. 1 of Tarrant and Denton Counties, Texas, which district subsequently changed its name to "Circle T Municipal Utility District No. 1" (the "First and Second Additional Contracting Parties", respectively), the City of Keller (the "Third Additional Contracting Party"), Lake Turner Municipal Utility District No. 3 of Tarrant and Denton Counties, Texas, which district subsequently changed its name to "Circle T Municipal Utility District No. 3" (the "Fourth Additional Contracting Party"), the Town of Flower Mound (the "Fifth Additional Contracting Party"), the Town of Westlake (the "Sixth Additional Contracting Party"), the Town of Northlake (the "Seventh Additional Contracting Party") and also the Town; and

WHEREAS, such report, including all amendments and supplements thereto made prior to the execution of acquisition and construction contracts for the System and as changed by change orders entered after acquisition and construction contracts for the System were executed, is hereinafter called the "Engineering Report"; and

WHEREAS, the Authority and the Initial Contracting Parties have entered into the "Trinity River Authority of Texas - Denton Creek Regional Wastewater Treatment System Contract", dated as of October 28, 1987, with respect to the System (the "Base Contract"); and

WHEREAS, pursuant to the Base Contract, the Authority and the First and Second Additional Contracting Parties have entered into the Trinity River Authority of Texas - Denton Creek Regional Wastewater Treatment System Supplemental Contract (City of Southlake and

Lake Turner Municipal Utility District No. 1), dated as of April 27, 1988, hereafter called the "First Supplemental Contract"; and

WHEREAS, pursuant to the Base Contract, the Authority and the Third Additional Contracting Party have entered into the Trinity River Authority of Texas - Denton Creek Regional Wastewater Treatment System Second Supplemental Contract (City of Keller, Texas), dated as of April 22, 1992, hereinafter called the "Second Supplemental Contract"; and

WHEREAS, pursuant to the Base Contract, the Authority and the Fourth Additional Contracting Party have entered into the Trinity River Authority of Texas - Denton Creek Regional Wastewater Treatment System Third Supplemental Contract (Lake Turner Municipal Utility District No. 3), dated as of August 24, 1994, hereinafter called the "Third Supplemental Contract"; and

WHEREAS, pursuant to the Base Contract, the Authority and the Fifth Additional Contracting Party have entered into the Trinity River Authority of Texas - Denton Creek Regional Wastewater Treatment System Fourth Supplemental Contract (Town of Flower Mound, Texas), dated as of March 1, 2000, hereinafter called the "Fourth Supplemental Contract"; and

WHEREAS, pursuant to the Base Contract, the Authority and the Sixth Additional Contracting Party have entered into the Trinity River Authority of Texas - Denton Creek Regional Wastewater Treatment System Fifth Supplemental Contract (Town of Westlake, Texas), dated as of March 1, 2000, hereinafter called the "Fifth Supplemental Contract"; and

WHEREAS, pursuant to the Base Contract, the Authority and the Seventh Additional Contracting Party have entered into the Trinity River Authority of Texas - Denton Creek Regional Wastewater Treatment System Sixth Supplemental Contract (Town of Northlake, Texas), dated as of December 1, 2001, hereinafter called the "Sixth Supplemental Contract"; and

WHEREAS, pursuant to the Base Contract and the First Supplemental Contract, the Authority has issued and delivered the Trinity River Authority of Texas Denton Creek Regional Wastewater Treatment System Revenue Bonds, Series 1988, dated as of December 1, 1988, in the principal amount of \$6,500,000 (the "Series 1988 Bonds") to enable the Authority to acquire, construct, and complete the System; and

WHEREAS, part of the Series 1988 Bonds were refunded by the Trinity River Authority of Texas Denton Creek Regional Wastewater Treatment System Revenue Refunding Bonds, Series 1993, dated July 1, 1993 (the "Series 1993 Bonds") and the remaining balance of the Series 1988 Bonds have matured and are no longer outstanding; and

WHEREAS, pursuant to the Base Contract and the First, Second and Third Supplemental Contracts, the Authority issued and delivered the Trinity River Authority of Texas Denton Creek Regional Wastewater Treatment System Revenue Bonds, Series 1996, dated as of February 15, 1996, in the principal amount of \$4,965,000 (the "Series 1996 Bonds") to enable the Authority to construct improvements and extensions to the System; and

WHEREAS, pursuant to the Base Contract and the First, Second, Third, Fourth and Fifth Supplemental Contracts, the Authority issued and delivered the Trinity River Authority of Texas Denton Creek Regional Wastewater Treatment System Revenue Bonds, Series 2000, dated as of November 1, 2000, in the principal amount of \$8,480,000 (the "Series 2000 Bonds") to enable the Authority to construct improvements and extensions to the System; and

WHEREAS, the remaining balance of the Series 1993 Bonds and part of the Series 1996 Bonds were refunded by the Trinity River Authority of Texas Denton Creek Regional Wastewater Treatment System Revenue Refunding Bonds, Series 2003, dated January 1, 2003 (the "Series 2003 Bonds"); and

WHEREAS, pursuant to the Base Contract and the First, Second, Third, Fourth, Fifth and Sixth Supplemental Contracts, the Authority issued and delivered the Trinity River

Authority of Texas Denton Creek Regional Wastewater Treatment System Revenue Improvement Bonds, Series 2006, dated as of June 15, 2006, in the principal amount of \$7,395,000 (the "Series 2006 Bonds") to enable the Authority to construct improvements and extensions to the System; and

WHEREAS, the Base Contract and each of the First, Second, Third, Fourth, Fifth and Sixth Supplemental Contracts (the "Supplemental Contracts") make provision for Additional Contracting Parties to become Contracting Parties with substantially the same rights and obligations as each of the Initial Contracting Parties, upon the execution of a contract similar to the Base Contract; and

WHEREAS, upon the execution of this Contract the Town will become such an Additional Contracting Party, and thus a Contracting Party, in accordance with the requirements of the Base Contract and the Supplemental Contracts, with all conditions prerequisite to such execution having been met; and

WHEREAS, this Contract substantially restates the essential provisions of the Base Contract and the Supplemental Contracts, and is structured similar thereto to the fullest extent applicable and practicable, including the requirements with respect to "minimums", but with such additions and changes that are necessary to meet the actual circumstances, with the effect that the Town, being the Eighth Additional Contracting Party hereby adopts the provisions of the Base Contract and the Supplemental Contracts, as supplemented and necessarily changed by this Contract; and

WHEREAS, the "minimums" set for the Town in Section 13(c) of this Contract are equitable and have been fixed by the Authority as required in the Base Contract and the Supplemental Contracts; and

WHEREAS, the Advisory Committee established pursuant to the Base Contract has approved the terms and conditions of this Contract and the inclusion of the Town as an Additional Contracting Party.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the Authority agrees to provide Wastewater treatment services of the System to the Town under this Contract, and to issue its Bonds from time to time, upon and subject to the terms and conditions hereinafter set forth, to-wit:

Section 1. DEFINITION OF TERMS. The following terms and expressions as used in this Contract, unless the context clearly shows otherwise, shall have the following meanings:

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

(b) "Adjusted Annual Payment" means the Annual Payment, as adjusted during or after each Annual Payment Period, as provided by this Contract.

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

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

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

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

(g) "B.O.D." (denoting Biochemical Oxygen Demand) means the quantity of oxygen utilized in the biochemical oxidation of organic matter under standard laboratory procedure in five days at 20 degrees C., expressed in milligrams per liter.

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

(i) "Bonds" means the Series 1996 Bonds, the Series 2000 Bonds, the Series 2003 Bonds and the Series 2006 Bonds described in the preamble to this Contract, and the interest thereon, and all bonds hereafter issued by the Authority, and the interest thereon, to improve and/or extend the System, and any bonds issued to refund any Bonds or to refund any such refunding bonds.

(j) "CFR" means the Code of Federal Regulations.

(k) "Contracting Parties" means the Cities of Fort Worth, Haslet, Keller, Roanoke and Southlake, Texas, the Towns of Argyle, Flower Mound, Northlake and Westlake, Texas, and Circle T Municipal Utility Districts Nos. 1 and 3 of Tarrant and Denton Counties, Texas, together with any other party or parties which hereafter becomes one of the Contracting Parties by becoming an Additional Contracting Party.

(l) "Contracting Party" means any one of the Contracting Parties.

(m) "Engineering Report" means the "Engineering Report" as defined in the preamble to this Contract.

(n) "Garbage" means solid wastes from the preparation, cooking, and dispensing of food, and from handling, storage, and sale of produce.

(o) "Grease" means fats, waxes, oils, and other similar nonvolatile materials in Wastewater, which are analyzed according to methods listed in 40 CFR Part 136.

(p) "Industrial User (IU)" means any person, including but not limited to, any individual, firm, partnership, corporation, association, or any other group or combination acting as a unit, or any other legal entity, who discharges or desires to discharge industrial wastes into the System.

(q) "Infiltration water" means the water which leaks into a sewer.

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

(s) "pH" means the common logarithm of the reciprocal of the weight of hydrogen ions in grams per liter of solution.

(t) "Point of Entry" means the point at which Wastewater enters Authority's System.

(u) "POTW" means Publicly Owned Treatment Works as defined in 40 CFR 403.

(v) "Properly Shredded Garbage" means garbage that has been shredded to such degree that all particles will be carried freely under the flow conditions normally prevailing in public sewers, with no particle greater than 1/2 inch in any dimension.

(w) "Significant Industrial User (SIU)" means, as defined in 40 CFR 403.3(t), as amended from time to time:

(1) all industrial users subject to "Categorical Pretreatment Standards" under 40 CFR 403.6 and CFR Chapter I, Subchapter N; and

(2) any other industrial user that: discharges an average of 25,000 gallons per day or more of process wastewater to the POTW (excluding sanitary, noncontact cooling and boiler blowdown wastewater); contributes a process waste stream which makes up 5 percent or more of the average dry weather hydraulic or organic capacity of the POTW treatment plant; or is designated as such by the Control Authority as defined in 40 CFR 403.12(a) on the basis that the industrial user has a reasonable potential for adversely affecting the POTW's operation or for violating any pretreatment standard or requirement (in accordance with 40 CFR 403.8(f)(6)).

(x) "Suspended Solids" means solids that either float on the surface or are in suspension in water, sewage, or other liquids, and which are removable by laboratory filtering, expressed in milligrams per liter.

(y) "System" means the regional wastewater treatment system described in the preamble to this Contract and in the Engineering Report, and all improvements and additions to and extensions, enlargements, and replacements of such facilities which are deemed necessary and feasible by the Authority in order to receive, treat, and dispose of Wastewater

from Contracting Parties and to comply with the requirements of the Wastewater regulatory agencies of the State of Texas and the United States of America. Said term does not include any facilities acquired or constructed by the Authority with the proceeds from the issuance of "Special Facilities Bonds", which are hereby defined as being revenue obligations of the Authority which are not secured by or payable from Annual Payments made under the Base Contract, the Supplemental Contracts, this Contract, and similar contracts with Additional Contracting Parties, and which are payable solely from other sources.

(z) "Total Toxic Organics" means the sum of all detected concentrations greater than 10 micrograms per liter for all organic compounds classified as priority pollutants by the United States Environmental Protection Agency.

(aa) "Trunk Sewer" means any sewer in which sewage from collecting and lateral sewers is concentrated and conveyed to the System.

(bb) "Wastewater" means Sewage, Industrial Waste, Municipal Waste, Recreational Waste, and Agricultural Waste, as defined in the Texas Water Code, together with Properly Shredded Garbage and such Infiltration Water that may be present.

(cc) "Wastewater Interceptor System" means, collectively, each "Interceptor System" as defined in any contract heretofore or hereafter entered into between the Authority and a Contracting Party (collectively, the "Interceptor Contracts"), and being facilities intended to collect and transport Wastewater into the "System", as defined in this Contract, together with any other Wastewater collection and transportation facilities which are not part of the System as herein defined, and which are intended to collect and transport the Wastewater of any Contracting Party into the System as herein defined.

Section 2. CONSULTING ENGINEERS; CONSTRUCTION OF SYSTEM. The Authority and the Town agree that the Authority will choose the Consulting Engineers for the System, provided that the Consulting Engineers may be changed at the option of the Authority.

The Authority has issued and agrees to issue its Bonds, payable from and secured by Annual Payments made under the Base Contract, the Supplemental Contracts, and this Contract, to acquire, construct, complete, improve, and extend the System in accordance with the Base Contract, the Supplemental Contracts and this Contract, and the Authority agrees to issue its Bonds for such purposes when required. The proceeds from the sale and delivery of such Bonds also will be sufficient to fund to the extent deemed advisable by the Authority a debt service reserve fund, a contingency fund, and interest on the Bonds during construction; and such proceeds also will be used for the payment of the Authority's expenses and costs in connection with the System (including all engineering and design costs and expenses, and the cost of the land and interests therein related to the System) and the Bonds, including, without limitation, all financing, legal, printing, and other expenses and costs related to the issuance of such Bonds and the System. Each Bond Resolution of the Authority shall specify the exact principal amount of the Bonds issued thereunder, which shall mature within the maximum period, and shall bear interest at not to exceed the maximum rates, then permitted by law, and each Bond Resolution shall create and provide for the maintenance of a revenue fund, an interest and sinking fund, a debt service reserve fund, and any other funds deemed advisable, all in the manner and amounts as provided in such Bond Resolution. The Town agrees that when any Bonds are actually issued and delivered to the purchaser thereof, either in connection with initially acquiring and constructing the System, or subsequently for improving and/or extending the System, the Bond Resolution authorizing the Bonds shall for all purposes be deemed to be in compliance with the Base Contract, the Supplemental Contracts, and this Contract in all respects, and the Bonds issued thereunder will constitute Bonds as defined in the Base Contract, the Supplemental Contracts, and this Contract for all purposes.

Section 3. QUANTITY AND POINTS OF ENTRY. (a) In consideration of the payments to be made by each Contracting Party under the Base Contract, the Supplemental

Contracts, and this Contract, each such Contracting Party is entitled, during each Annual Payment Period while the System is in operation, to discharge into the System at its Point or Points of Entry hereinafter described, all of the Wastewater which is generated within its boundaries which are within the watershed or drainage area of Denton Creek, subject to the restrictions hereinafter stated; and provided that each Contracting Party must transport such Wastewater to its Point or Points of Entry. The foregoing notwithstanding, the Eighth Additional Contracting Party may only discharge into the System such Wastewater as is generated within the service area of the Eighth Additional Contracting Party described in Attachment A attached hereto. Further, each Contracting Party shall be required and obligated to transport and discharge into the System at its Point or Points of Entry all Wastewater which is generated within its boundaries which are within the watershed or drainage area of Denton Creek, except for reasonably small fringe areas which could be more cost effectively served by other means, and which are approved by a majority vote of the Advisory Committee and approved by the Authority.

(b) The combined maximum rate at which Wastewater is discharged by each Contracting Party at all of its Points of Entry shall not exceed a rate which, if continued for a period of twenty-four hours would equal 3.50 times such Contracting Party's estimated average daily contributing flow of Wastewater for the then current Annual Payment Period. The total quantity of Wastewater discharged into the System shall never exceed the amount which the System is capable of receiving, treating, and disposing, unless approved by a majority vote of the Advisory Committee and approved by the Authority, subject to terms and conditions to be established by the Authority. Notwithstanding the foregoing, no Contracting Party shall ever make any discharge into the System which would cause it to be overloaded or be in violation of its permits from the State of Texas and/or the United States of America.

(c) Wastewater meeting the quality requirements of Section 4 of this Contract will be received into the System at the Points of Entry, respectively, shown for each Contracting Party, respectively, in the Engineering Report, and at the other and additional Points of Entry that are established by mutual agreement between the Authority and each other Contracting Party, and also at any other Point or Points of Entry for any Contracting Party in the future if such other or additional Points of Entry are determined by the Authority to be economical and beneficial to the System, and such Contracting Party pays any costs related thereto which the Authority determines should be paid by such Contracting Party. The Point or Points of Entry for the Town shall be at locations mutually agreeable to the Town and the Authority and specifically approved by the Authority.

(d) It is and shall be the intention of the Contracting Parties and the Authority that the System shall be acquired, constructed, extended, and improved so that at all reasonable times it will be capable of receiving, transporting, treating, and disposing of all eligible Wastewater generated within the boundaries of each Contracting Party which are within the watershed or drainage area of Denton Creek and which such Contracting Party delivers to its Point or Points of Entry, and that the Authority will from time to time issue its Bonds in such amounts as are, within its judgment and discretion, sufficient to achieve such results.

Section 4. QUALITY. The obligation of the Authority to receive into the System such Wastewater depends upon compliance by each Contracting Party with the provisions of this Section.

### General Objectives of Quality Requirements.

In order to permit the Authority to properly treat and dispose of each Contracting Party's Wastewater; to protect the public health; and to permit cooperation with other agencies which have requirements for the protection of the physical, chemical, and bacteriological quality of public water and water courses, and to protect the properties of the System, each Contracting Party agrees:

(a) Admissible Discharges into Authority's System. Discharges into the System shall consist only of Wastewater and other waste free from the prohibited constituents listed in Subsection (b) and limited in B.O.D., Suspended Solids, dissolved sulfides, and pH as hereinafter provided.

(b) Wastes Not Admissible. Gasoline; diesel or petroleum distillates; cleaning solvents; non emulsified oils and greases; mineral oils; blood; ashes; cinders; sand; gravel; tar; asphalt; wastewater sludge; ceramic wastes; plastics; other viscous substances; feathers; hair; rags; metal filings; glass; wood shavings; sawdust; unshredded garbage; toxic, corrosive, explosive or malodorous gases; acetylene generation sludge; cyanides or cyanogen compounds capable of liberating hydrocyanic gas on acidification in excess of 2 mg/l by weight as CN; radioactive materials which will permit a transient concentration higher than 100 microcuries per liter; emulsified oil and grease exceeding on grab sample analysis of 100 mg/l; acids or alkalis having a pH value lower than 6.0 or higher than 10.0; and Wastewater containing specific pollutant concentrations in excess of any of the numerical limitations named hereunder be prohibited from discharge to the System:

<u>Pollutant</u>	<u>Maximum Allowable Concentration (ug/l)</u>
Arsenic	100
Barium	1,000
Cadmium	100
Chromium	1,000
Copper	1,500
Lead	1,000
Manganese	1,500
Mercury	5
Nickel	1,000
Selenium	50
Silver	100
Zinc	2,000
Total Toxic Organics	1,000

(c) Biochemical Oxygen Demand (B.O.D.). B.O.D. of Wastewater delivered to the System, as determined by standard methods, shall not exceed 250 mg/l.

(d) Total Suspended Solids. Total Suspended Solids delivered to the System, as determined by testing procedures as set forth in the latest approved edition of Standard Methods, shall not exceed 250 mg/l.

(e) Hydrogen Ion Concentration (pH). The pH of Wastewater delivered to the System shall be not lower than 6.0 nor higher than 10.0. No acids shall be discharged into the Authority's System unless neutralized to a pH of 6.0 or more.

(f) Hydrogen Sulfide Concentration. Dissolved sulfides in Wastewater at the Point of Entry to the System shall not exceed 0.1 mg/l.

(g) Prohibited Discharge Limitations Subject to Change. Notwithstanding the foregoing provisions of this Section, the parties hereto agree and understand that Federal and State Regulatory Agencies periodically modify standards on prohibited discharges; therefore, revisions to, additions to, or deletions from the items listed in this Section may become necessary in the future to comply with these latest standards. It is the intention of this Contract that prohibited discharge requirements be reviewed periodically by the Authority and revised in accordance with the latest standards of any Federal or State Agency having

regulatory powers. Any required revisions shall be made and written notice thereof given to each Contracting Party. Each Contracting Party shall be responsible for integrating such changes into the local industrial waste ordinance and notifying all affected users of the change within ninety days following written notice to the Contracting Party of such changes.

(h) To determine normal quality of Wastewater, the Authority will collect twenty-four hour composite samples of Wastewater at each Point of Entry and cause same to be analyzed in accordance with testing procedures as set forth in the latest edition of Standard Methods of Examination of Water and Wastewater, published by American Public Health Association, Inc. Composite samples will normally be taken once a month, or at more frequent intervals if necessary to determine Wastewater quality. As provided above, such Wastewater shall not exceed the limits of concentration specified for Normal Wastewater as follows:

Normal Wastewater Concentration

BOD	250 mg/l
TSS	250 mg/l
pH, not less than	6 nor greater than 10
Hydrogen Sulfide	0.1 mg/l

Should the analysis disclose concentrations higher than those listed, the Authority immediately will inform the Contracting Party which made the discharges resulting in the violation of this Section, and such discharges shall cease immediately. However, with the approval of the Authority, Wastewater with concentrations of BOD and TSS greater than specified above may be discharged by a Contracting Party into the System on an emergency and temporary basis, subject to the payment of a surcharge (in addition to all other payments required by this Contract), which surcharge shall be determined by the Authority and shall be in an amount sufficient to cover and pay for all additional costs of transportation, treatment, and disposal related to such discharges.

Section 5. METERING OF WASTEWATER. The Eighth Additional Contracting Party will furnish and install, at its cost, the necessary equipment and devices of standard type,

subject to plan review and written approval by Authority, required for measuring properly all Wastewater discharged into the System by the Eighth Additional Contracting Party through its Point or Points of Entry, respectively. The Authority will operate and maintain such metering facilities. Upon completion of the installation thereof, title to, and ownership of, such meters and other equipment shall be assigned to the Authority. The Contracting Party shall, at its expense, provide land rights or easements sufficient, as approved by Authority, to allow ingress and egress to such metering facilities for the purposes of operating and maintaining same. Each Contracting Party shall have access to such metering equipment at all reasonable times for inspection and examination, but the reading, calibration, and adjustment thereof shall be done only by employees or agents of the Authority in the presence of a representative of the affected Contracting Party or Parties if requested by such Contracting Party or Parties. All readings of meters will be entered upon proper books of record maintained by the Authority. Upon written request any Contracting Party may have access to said record books during reasonable business hours. Not more than three times in each year of operation, the Authority shall calibrate its meters, if requested in writing by the affected Contracting Party or Parties to do so, in the presence of a representative of such Contracting Party or Parties, and such parties shall jointly observe any adjustments which are made to the meters in case any adjustment is found to be necessary. If, for any reason, any meters are out of service or out of repair, or if, upon any test, the percentage of inaccuracy of any meter is found to be in excess of five (5%) per cent, registration thereof shall be corrected for a period of time extending back to the time when such inaccuracy began, if such time is ascertainable, and if not ascertainable, then for a period extending back one-half (1/2) of the time elapsed since the date of the last calibration, but in no event further back than a period of six (6) months. Any Contracting Party may, at its option and its own expense, install and operate a check meter to check each meter installed by the Authority, but the measurement for the purpose of this agreement shall be solely by the

Authority's meters, except as in this Section specifically provided to the contrary. All such check meters shall be of standard make, shall be installed in a location approved by the Authority, and shall be subject at all reasonable times to inspection and examination by any employee or agent of the Authority, but the reading, calibration, and adjustment thereof shall be made only by the Contracting Party or Parties, except during any period when a check meter may be used under specific written consent by the Authority for measuring the amount of Wastewater delivered into the System, in which case the reading, calibration, and adjustment thereof shall be made by the Authority with like effect as if such check meter or meters had been furnished or installed by the Authority.

Section 6. UNIT OF MEASUREMENT. The unit of measurement for Wastewater discharged into the System hereunder shall be 1,000 gallons, U. S. Standard Liquid Measure.

Section 7. LIABILITY FOR DAMAGES AND RESPONSIBILITY FOR TREATMENT AND DISPOSAL OF WASTEWATER. Liability for damages arising from the transportation, delivery, reception, treatment, and/or disposal of all Wastewater discharged into the System hereunder shall remain in each Contracting Party to its Point or Points of Entry, respectively, and title to such Wastewater shall be in such Contracting Party to such Point or Points, and upon passing through Points of Entry liability for such damages, and title to such Wastewater, shall pass to the Authority. As between the Authority and each Contracting Party, each party agrees, to the full extent permitted by law, to indemnify and to save and hold the other party harmless from any and all claims, demands, causes of action, damages, losses, costs, fines, and expenses, including reasonable attorney's fees, which may arise or be asserted by anyone at any time on account of the transportation, delivery, reception, treatment, and/or disposal while title to the Wastewater is in such party, or on account of a prohibited discharge by a Contracting Party. The Authority has the responsibility as between the parties for the proper reception, transportation, treatment, and disposal of all Wastewater

discharged into the System, but not for prohibited discharges discharged by any party at any Point of Entry.

Section 8. REPORTING REQUIREMENTS. (a) Approximately thirty days after the end of each Annual Payment Period each Contracting Party, respectively, shall furnish in writing to the Authority the following information with respect to such Contracting Party:

(1) The number of active domestic sewer connections tributary to the System and which will be served by the System;

(2) The number of commercial and business sewer connections to be served by the System;

(3) The number of industrial connections to be served by the System, with name and location of each.

The purpose of this provision is to permit the Authority to accumulate statistical data which will enable it to render better service and facilitate plans for betterment and future facilities expansion.

(b) Industrial Waste. The effects of certain types of Industrial Waste upon sewers and sewage treatment processes are such as to require that careful consideration be made of each industrial connection. This is a matter of concern both to the Authority and to the Contracting Parties. Accordingly, each Contracting Party shall regulate the discharge of Industrial Waste generated by a SIU into its sewer system, and will authorize discharge of Industrial Waste into its sewers subject to the general provision that no harm will result from such discharge and subject to the filing by applicant industry of a statement, copy of which shall be forwarded to the Authority, containing the following information:

(1) Name and address of applicant;

(2) Type of industry;

(3) Quantity of plant waste;

- (4) Typical analysis of the waste;
- (5) Type of pre-treatment proposed.

To facilitate inspection and control of Industrial Waste, each Contracting Party will require industries to separate Industrial Waste from Sanitary Sewage until such Industrial Waste has passed through a monitoring portal which shall be located so as to be accessible at all times to inspectors of such Contracting Party. If inspection indicates that damage might result from the discharge the permit shall be revoked unless and until the industry promptly establishes acceptable remedial measures. At regular intervals the Authority will collect twenty-four hours composite samples of all Wastewater at each Point of Entry and cause same to be analyzed by American Public Health Association Standard Methods. Such Wastewater shall not exceed the limits of concentration specified in Section 4 of this Contract. Should the analysis disclose concentrations higher than those stipulated the Authority immediately will inform the affected Contracting Party of such disqualification. It shall be the obligation of such Contracting Party to require the offending originator of said highly concentrated materials to immediately initiate and undertake remedial pre-treatment or other legal means before discharge into such Contracting Party's sewers.

(c) Ordinances and Resolutions. Each Contracting Party, respectively, agrees that it has enacted or will enact ordinances or adopt resolutions as necessary to include the following provisions:

(1) For each existing and future SIU, the Contracting Party shall require said user to complete and submit a permit application containing that information specified in the sample application form which is attached hereto as Exhibit 1. The Authority shall be provided a copy of the permit application within thirty days after receipt by the Contracting Party. The Authority shall provide comments on said application within thirty days of receipt and return

comments to the Contracting Party. Failure to comment shall be construed as concurrence by the Authority.

After approval of the Permit Application by both the Contracting Party and the Authority, the Contracting Party shall issue a permit to discharge containing the requirements as shown on the form which is attached hereto as Exhibit 2. Said permit to discharge shall be required of all SIUs before said user will be allowed to discharge industrial wastes into the sewage system. A copy of the permit to discharge shall be forwarded to the Authority for approval prior to the issuance to the SIU.

(2) The Contracting Party shall require significant industrial users to comply with applicable Federal Categorical Pretreatment Standards as well as any applicable state and local standards.

(3) The Contracting Party shall maintain certain information contained in permit applications as confidential at SIU's request.

(4) The Contracting Party shall disallow dilution as a means of reducing pollutant concentrations in an SIU's waste stream.

(5) The Contracting Party shall be authorized to enter SIU premises at any time for independent monitoring, inspection, or review of applicable records to determine compliance.

(6) The Contracting Party shall develop and require adherence to SIU compliance schedules.

(7) The Contracting Party shall require self-monitoring and reporting at SIU's expense.

(8) The Contracting Party shall choose or approve laboratory to analyze industrial wastes.

(9) The Contracting Party shall require SIU's to pay applicable fees for:

(i) sampling and testing to determine compliance

(ii) disconnection/reconnection of service resulting from noncompliance

(iii) abnormal strength wastes

(iv) additional costs incurred by Contracting Party or POTW in transporting or treating wastes

(v) filing, revision, or renewal of Permit Application.

(10) The Contracting Party shall provide public notification for instances of violation.

(11) The Contracting Party shall deny/revoke permit, disallow/disconnect service, assess civil or criminal penalties, and seek other available legal and equitable remedies against SIU for:

(i) discharge to sewerage system resulting in violation of POTW's discharge permit conditions

(ii) hazard to health or life of POTW personnel or users of receiving waters

(iii) violation of any applicable ordinance or regulation

(iv) false information transmitted to approving authority through Permit Application, monitoring reports, etc.

The Contracting Party shall furnish to the Authority all documents and records, in addition to those outlined herein, as necessary to demonstrate compliance by all industries.

Section 9. OTHER CONTRACTS. (a) The Authority reserves the right, with the approval of a majority vote of the Advisory Committee, to enter into a contract to provide the Wastewater services of the System to any Additional Contracting Party under a contract similar to this Contract, subject to the requirements concerning "minimums" as hereinafter provided. Each contract with any Additional Contracting Party shall comply with the requirements of the Base Contract, the Supplemental Contracts, and this Contract, shall substantially restate the essential provisions of the Base Contract, the Supplemental Contracts, and this Contract, and shall be structured to be similar thereto to the fullest extent applicable and practicable, with such additions or changes as are necessary to meet the actual

circumstances, with the effect that each Additional Contracting Party will substantially adopt the provisions of the Base Contract, the Supplemental Contracts, and this Contract, as supplemented and necessarily changed by its contract. However, the Authority shall not obligate itself to receive Wastewater into the System from any future Additional Contracting Party if, in the judgment and discretion of the Authority, such obligation would jeopardize the Authority's ability to meet its obligation to receive, transport, treat, and dispose of Wastewater discharged into the System by prior Contracting Parties.

(b) It is further recognized and agreed that in the future the Authority may provide services of the System to any party which is not a Contracting Party, provided that all such services of the System to any party which is not a Contracting Party shall in all respects be subordinate to the prior rights of the Contracting Parties, and all contracts or other arrangements relating to such services shall recognize, and be made subordinate to, such prior rights.

(c) Each Contracting Party shall have the right, with the approval of a majority vote of the Advisory Committee and the approval of the Authority, to negotiate and enter into sub-contracts with any other entity under which such other entity may discharge Wastewater generated within the drainage area of Denton Creek, but outside the boundaries of such Contracting Party, into such Contracting Party's sewers, to be transported into the System at such Contracting Party's Point or Points of Entry along with such Contracting Party's Wastewater generated within the drainage area of Denton Creek. In such case such additional Wastewater shall be regarded as being the Wastewater of such Contracting Party for all purposes of this Contract. The consideration as between or among such cities or other entities may be determined by such parties, but no such transaction shall relieve the Contracting Party of its obligations to the Authority under the terms of this Contract.

Section 10. ADVISORY COMMITTEE. (a) The governing body of each of the Contracting Parties annually shall appoint one of the members of its governing body or one of its employees as a voting member of the Advisory Committee for the System, which Advisory Committee has been created and established and is hereby confirmed; provided, however, that Town shall not appoint its members of the Advisory Committee until the effective date of this Contract. The Advisory Committee shall elect a Chairman, a Vice Chairman, and a Secretary. The Advisory Committee may establish bylaws governing the election of officers, meeting dates, and other matters pertinent to the functioning of the Advisory Committee. The Advisory Committee shall consult with and advise the Authority, through its General Manager or his designated representative, with regard to the following matters pertaining to the System:

- (i) The issuance of Bonds;
- (ii) The operation and maintenance of the System;
- (iii) Additional Contracting Parties and the terms and conditions of the contracts with such parties, consistent with the provisions of this Contract;
- (iv) Contracts for services to entities which are not Additional Contracting Parties, and the prices, terms, and conditions of such contracts consistent with the provisions of this Contract;
- (v) The Authority's Annual Budget, prior to its submission by the Authority's General Manager to the Authority's Board;
- (vi) Review of the Authority's Annual Audit;
- (vii) All other pertinent matters relating to the management of the System; and
- (viii) Improvements and extensions of the System.

The Advisory Committee shall have access to and may inspect at any reasonable times all physical elements of the System and all records and accounts of the Authority pertaining to the

System. A copy of the minutes of the meetings of the Advisory Committee and all other pertinent data, shall be provided to the members of the Advisory Committee.

(b) The term of membership on the Advisory Committee shall be at the pleasure of each governing body represented, respectively, and each member shall serve until replaced by such governing body. All expenses of the Advisory Committee in discharging its duties under this Section shall be considered as an Operation and Maintenance Expense of the System.

Section 11. FISCAL PROVISIONS. (a) Subject to the terms and provisions of this Contract, the Authority will provide and pay for the cost of the acquisition, construction, completion, improvement, and extension of the System and all System facilities, by issuing its Bonds in amounts which will be sufficient to accomplish such purposes, and the Authority will own and operate the System. It is acknowledged and agreed that payments to be made under the Base Contract, the Supplemental Contracts, and this Contract and similar contracts with each Additional Contracting Party, if any, will be the primary source available to the Authority to provide the Annual Requirement, and that, in compliance with the Authority's duty to fix and from time to time revise the rates of compensation or charges for services of the System rendered and made available by the Authority, the Annual Requirement will change from time to time, and that each such Annual Requirement shall be allocated among the Contracting Parties as hereinafter provided, and that the Annual Requirement for each Annual Payment Period shall be provided for in each Annual Budget and shall at all times be not less than an amount sufficient to pay or provide for the payment of:

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

System, and therefore will be operated and maintained in effect as a part of the System under the provisions of the Base Contract, the Supplemental Contracts, and this Contract, consistent with the terms of the Interceptor Contracts and other similar contracts with respect to the Wastewater Interceptor System; and

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

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

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

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

Section 12. OPERATION AND MAINTENANCE; ANNUAL BUDGET. The Authority shall operate and maintain the System, and also the Wastewater Interceptor System in the same manner as if it were part of the System, and shall prepare an Annual Budget, including the operation and maintenance expenses of the Wastewater Interceptor System, for such purpose. With respect to each Annual Budget the term "System" shall be deemed to mean and include the Wastewater Interceptor System. Each Annual Budget for the System

shall always provide for amounts sufficient to pay the Annual Requirement. The Annual Budget for the System for all or any part of the Annual Payment Period during which the System is first placed into operation shall be prepared by the Authority based on estimates made by the Authority after consultation with the Advisory Committee. On or before September 1 of each year after the System is first placed in operation, the Authority shall furnish to each Contracting Party a preliminary estimate of the Annual Payment required from each Contracting Party for the next following Annual Payment Period. Not less than forty days before the commencement of the Annual Payment Period after the System is first placed into operation, and not less than forty days before the commencement of each Annual Payment Period thereafter, the Authority shall cause to be prepared as herein provided its preliminary budget for the System for the next ensuing Annual Payment Period, which budget shall specifically include the Operation and Maintenance Component and the Bond Service Component. A copy of such preliminary budget shall be filed with each Contracting Party. The preliminary budget shall be subject to examination, at reasonable times during business hours, at the office of the City Secretary of each Contracting Party that is a city or town, and at the then current business office of each other Contracting Party. If no protest or request for a hearing on such preliminary budget is presented to the Authority within ten days after such filing of the preliminary budget by one or more Contracting Parties or by the owners of a minimum of 25% in principal amount of the Bonds then outstanding, the preliminary budget for the System shall be considered for all purposes as the "Annual Budget" for the next ensuing Annual Payment Period. But if protest or request for a hearing is duly filed, it shall be the duty of the Authority to fix the date and time for a hearing on the preliminary budget, and to give not less than ten days notice thereof to the Contracting Parties. An appropriate Committee of the Authority shall consider the testimony and showings made in such hearing and shall report its findings to the Board of Directors of the Authority. The Board of Directors may adopt the

preliminary budget or make such amendments thereof as to it may seem proper. The budget thus approved by the Board of Directors of the Authority shall be the Annual Budget for the next ensuing Annual Payment Period. The Annual Budget (including the first Annual Budget) may be amended by the Authority at any time to transfer from one division thereof to another funds which will not be needed by such division. The amount for any division, or the amount for any purpose, in the Annual Budget may be increased through formal action by the Board of Directors of the Authority even though such action might cause the total amount of the Annual Budget to be exceeded; provided that such action shall be taken only in the event of an emergency or special circumstances which shall be clearly stated in a resolution at the time such action is taken by the Board of Directors. Certified copies of the amended Annual Budget and resolution shall be filed immediately by the Authority with each Contracting Party.

Section 13. PAYMENTS BY CONTRACTING PARTIES. (a) For the Wastewater services to be provided to the Contracting Parties under the Base Contract, the Supplemental Contracts, and this Contract, each of the Contracting Parties shall pay, at the time and in the manner hereinafter provided, its proportionate share of the Annual Requirement, which shall be determined as herein described and shall constitute a Contracting Party's Annual Payment. Each of the Contracting Parties shall pay its part of the Annual Requirement for each Annual Payment Period directly to the Authority, in monthly installments, on or before the 10th day of each month, in accordance with the schedule of payments furnished by the Authority, as hereinafter provided.

(b) For each Annual Payment Period each Contracting Party's proportionate share of the Annual Requirement shall be a percentage obtained by dividing the number of gallons of contributing flow of Wastewater estimated to be discharged into the System by such Contracting Party during such Annual Payment Period, as determined by the Authority after consultation with such Contracting Party, by the aggregate total number of gallons of

contributing flow of Wastewater estimated to be discharged into the System by all Contracting Parties during such period, as determined by the Authority after consultation with all of the Contracting Parties. It is provided, however, that in estimating costs for services the Authority is specifically authorized, in its discretion, to estimate such costs based on an arbitrary assumption that the Annual Payment Period for which the calculation is being made will be an extremely dry year, rather than a normal or average year, and that accordingly the contributing flow of Wastewater discharged into the System will be less than expected normally or on an average, all with the result that the monthly payments made by the Contracting Parties may be higher than would have been required on the basis of a normal or average year, and with the further result that the total amount required to meet the then current Annual Budget for the System may be collected by the Authority before the end of the then current Annual Payment Period. This result is expressly approved by the Contracting Parties and is deemed by the parties hereto to be beneficial in the fiscal management of the System, and will assure the timely availability of funds even under unexpected circumstances. However, upon receipt during any Annual Payment Period of an amount sufficient to meet the then current Annual Budget of the System for the remainder of the then current Annual Payment Period, the Authority immediately shall notify the Contracting Parties, and they shall not be obligated to make further payments under this Section for the remainder of that Annual Payment Period, unless otherwise specifically hereinafter provided in the event of unexpected or additional Annual Budget requirements. It is further provided that the Authority may revise its estimates of contributing flow either monthly or for any other period within an Annual Payment Period, as determined by the Authority, and such revised estimates may be made on the basis of actual metered contributing flow during the preceding month or other period, to the end that the Authority may use its best efforts to avoid to the extent practicable unnecessary final adjustments among the Contracting Parties for each Annual Payment Period. All such

payments for each Annual Payment Period shall be made in accordance with a written schedule of payments for the appropriate Annual Payment Period which will be supplied to each of the Contracting Parties by the Authority. Such schedule of payments may be revised by the Authority periodically based on any changes in its estimates of contributing flow as provided above, and each revised schedule of payments shall be supplied to each Contracting Party before the beginning of the period to which it is applicable. At the close of each Annual Payment Period the Authority shall determine the actual metered number of gallons of contributing flow of Wastewater discharged into the System by each Contracting Party during said period and determine each Contracting Party's actual percentage of the Annual Requirement by dividing such Contracting Party's actual metered contributing flow by the actual metered contributing flow of all Contracting Parties. Each Contracting Party's Adjusted Annual Payment shall be calculated by multiplying each such Contracting Party's redetermined percentage times the actual Annual Requirement. The difference between the amounts which actually have been paid by each Contracting Party and the amounts actually due from such Contracting Party hereunder shall be applied as a credit or a debit to such Contracting Party's account with the Authority and shall be credited or debited to such Contracting Party's next monthly payment, or as otherwise agreed between the Authority and the affected Contracting Party, provided that all such credits and debits shall be made in a timely manner not later than the end of the next following Annual Payment Period.

(c)(i) Notwithstanding the provisions of (b), above, and as an exception thereto, it is agreed that if, during any Annual Payment Period, the estimated and/or actual metered contributing flow of Wastewater into the System of any Contracting Party is, for any reason whatsoever, less than the minimum amount hereinafter prescribed and provided for it, such Contracting Party shall pay its share of each Annual Requirement as if its estimated and/or actual metered contributing flow of Wastewater into the System were such minimum amount.

However, if such Contracting Party's estimated and/or actual metered contributing flow of Wastewater into the System is equal to or in excess of such minimum amount, its share of all of each Annual Requirement shall be calculated on the basis of estimated and actual contributing flow as provided in (b), above. All future contracts with each Additional Contracting Party shall provide for equitable minimums similar to those provided for below. Such minimums shall be fixed in amounts at least sufficient, as determined by the Authority, to assure an initial Annual Payment by such Additional Contracting Party for not less than the amount of its estimated contributing flow of Wastewater into the System during the first year of service under such contract. For the purpose of calculating the minimum percentage of each Annual Requirement for which each current Contracting Party is unconditionally liable, without offset or counterclaim (also see Section 16 hereof), the contributing flow of Wastewater into the System of each such Contracting Party, during each Annual Payment Period, shall be deemed to be not less than the minimum amount (regardless of whether or not such amount was actually discharged into the System) specified for such Contracting Party as follows:

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

Town of Northlake	10,950,000 gallons
Town of Argyle (commencing with the effective date of this Contract):	30,000 gallons per day for each remaining day of the Authority's then current Annual Payment Period, and 10,950,000 gallons for each entire Annual Payment Period thereafter.

(ii) In addition to the Annual Payment to be made by the Town in accordance with the provisions of (c)(i) above, and in consideration of (A) the admission of the Town as a Contracting Party to which the services and facilities of the existing System are being made available and (B) the Annual Requirement payments made by Contracting Parties, prior to the Town becoming a Contracting Party, providing for the acquisition, construction and operation of the System, the Town shall be unconditionally liable, without offset or counterclaim (also see Section 16 hereof), to make a buy-in payment equal \$238,469. The buy-in payment may be paid by the Town, at its option, as (A) a lump sum cash payment payable with the first monthly installment of its Annual Payment or (B) in five (5) annual installments, with each installment to be due on the anniversary date of the 1<sup>st</sup> monthly installment of the Town's Annual Payment made hereunder, with each such annual installment of the buy-in to equal 1/5th of the total amount of the buy-in, plus interest accrued on the unpaid balance thereof at a rate for such annual period equal to six (6) percent per annum, based on a 360 day year composed of twelve (12) months and thirty (30) days per month.

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

(i) The Authority commences furnishing services of the System to an Additional Contracting Party or Parties;

(ii) Unusual, extraordinary, or unexpected expenditures for Operation and Maintenance Expenses are required which are not provided for in the Authority's Annual Budget for the System or in any Bond Resolution;

(iii) Operation and Maintenance Expenses are substantially less than estimated;

(iv) The Authority issues Bonds which require an increase in the Bond Service Component of the Annual Payment; or

(v) The Authority receives either significantly more or significantly less revenues or other amounts than those anticipated.

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

(f) Each Contracting Party shall make payments to the Authority required by this Section on or before the 10th day of each month of each Annual Payment Period. If any Contracting Party at any time disputes the amount to be paid by it to the Authority, such complaining party shall nevertheless promptly make such payment or payments, but if it is subsequently determined by agreement or court decision that such disputed payments made by

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

owing by any Contracting Party to the Authority is placed with an attorney for collection, such Contracting Party shall pay to the Authority all attorneys fees, in addition to all other payments provided for herein, including interest.

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

Section 14. SPECIAL PROVISIONS. (a) The Authority will continuously operate and maintain the System (which, for operation and maintenance purposes only, also includes the Wastewater Interceptor System) in an efficient manner and in accordance with good business and engineering practices, and at reasonable cost and expense.

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

(c) The System was initially placed in operation in 1989. It is expressly understood and agreed, however, that any obligations on the part of the Authority to improve and extend the System when necessary or advisable and to provide additional services of the System to Contracting Parties shall be conditioned (i) upon the Authority's ability to obtain all necessary

permits, material, labor, and equipment, (ii) upon the ability of the Authority to finance the cost of the System through the actual sale of the Authority's Bonds, and (iii) subject to all present and future valid laws, orders, rules, and regulations of the United States of America, the State of Texas, and any regulatory body having jurisdiction.

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

(e) The Town agrees to continuously operate and maintain its combined waterworks and sewer system, and to fix and collect such rates and charges for water services and/or sewer services to be supplied by its system as aforesaid as will produce revenues in an amount equal to at least (i) all of the expenses of operation and maintenance expenses of such system, including specifically its payments under this Contract, (ii) its payments from such revenues required under any other contracts, and (iii) all other amounts as required by law and the provisions of the ordinances or resolutions authorizing its revenue bonds or other obligations

now or hereafter outstanding, including the amounts required to pay all principal of and interest on such bonds and other obligations.

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

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

Section 15. FORCE MAJEURE. If by reason of force majeure any party hereto shall be rendered unable wholly or in part to carry out its obligations under this Contract, other than the obligation of the Town to make the payments required under Section 13 of this Contract, then if such party shall give notice and full particulars of such force majeure in writing to the

other party within a reasonable time after occurrence of the event or cause relied on, the obligation of the party giving such notice, so far as it is affected by such force majeure, shall be suspended during the continuance of the inability then claimed, but for no longer period, and any such party shall endeavor to remove or overcome such inability with all reasonable dispatch. The term "Force Majeure" as employed herein shall mean acts of God, strikes, lockouts, or other industrial disturbances, acts of public enemy, orders of any kind of the Government of the United States or the State of Texas, or any Civil or military authority, insurrection, riots, epidemics, landslides, lightning, earthquake, fires, hurricanes, storms, floods, washouts, droughts, arrests, restraint of government and people, civil disturbances, explosions, breakage or accidents to machinery, pipelines or canals, partial or entire failure of water supply, or on account of any other causes not reasonably within the control of the party claiming such inability.

Section 16. UNCONDITIONAL OBLIGATION TO MAKE PAYMENTS. Recognizing the fact that the Town urgently requires the facilities and services of the System, and that such facilities and services are essential and necessary for actual use and for standby purposes, and recognizing the fact that the Authority will use payments received from the Town under this Contract to pay and secure its Bonds, it is hereby agreed that the Town shall be unconditionally obligated to pay, without offset or counterclaim, its proportionate share of the Annual Requirement, as provided and determined by this Contract (including the obligations for paying for "minimums" as described in Section 13 hereof), regardless of whether or not the Authority actually acquires, constructs, completes, improves, or extends the System, or is actually operating or providing services of the System to the Town, or whether or not the Town actually uses the services of the System whether due to Force Majeure or any other reason whatsoever, regardless of any other provisions of this or any other contract or

agreement between any of the parties hereto. This covenant by the Town shall be for the benefit of and enforceable by the holders of the Bonds and/or the Authority.

Section 17. EFFECTIVE DATE AND TERM OF CONTRACT; MODIFICATION; NOTICES; STATE OR FEDERAL LAWS, RULES, ORDERS, OR REGULATIONS; TERMINATION. (a) Effective Date. The effective date of this Contract shall be February 1, 2007. Following its effective date, this Contract shall continue in force and effect during the entire useful life of the System.

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

(c) Addresses and Notice. Unless otherwise provided herein, any notice, communication, request, reply, or advice (herein severally and collectively, for convenience, called "Notice") herein provided or permitted to be given, made, or accepted by any party to any other party must be in writing and may be given or be served by depositing the same in the United States mail postpaid and registered or certified and addressed to the party to be notified, with return receipt requested, or by delivering the same to an officer of such party, or by prepaid telegram when appropriate, addressed to the party to be notified. Notice deposited in the mail in the manner hereinabove described shall be conclusively deemed to be effective, unless otherwise stated herein, from and after the expiration of three days after it is so deposited. Notice given in any other manner shall be effective only if and when received by the party to be notified. For the purposes of notice, the addresses of the parties shall, until changed as hereinafter provided, be as follows:

If to the Authority, to:

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

If to the Town, to:

Town of Argyle  
506 Highway 377 North  
Argyle, Texas 76226

The parties hereto shall have the right from time to time and at any time to change their respective addresses and each shall have the right to specify as its address any other address by at least fifteen (15) days' written notice to the other parties hereto.

(d) State or Federal Laws, Rules, Orders, or Regulations. This Contract is subject to all applicable Federal and State laws and any applicable permits, ordinances, rules, orders, and regulations of any local, state, or federal governmental authority having or asserting jurisdiction, but nothing contained herein shall be construed as a waiver of any right to question or contest any such law, ordinance, order, rule, or regulation in any forum having jurisdiction.

Section 18. SEVERABILITY. The parties hereto specifically agree that in case any one or more of the sections, subsections, provisions, clauses, or words of this Contract or the application of such sections, subsections, provisions, clauses, or words to any situation or circumstance should be, or should be held to be, for any reason, invalid or unconstitutional, under the laws or constitutions of the State of Texas or the United States of America, or in contravention of any such laws or constitutions, such invalidity, unconstitutionality, or contravention shall not affect any other sections, subsections, provisions, clauses, or words of this Contract or the application of such sections, subsections, provisions, clauses, or words to any other situation or circumstance, and it is intended that this Contract shall be severable and shall be construed and applied as if any such invalid or unconstitutional section, subsection,

provision, clause, or word had not been included herein, and the rights and obligations of the parties hereto shall be construed and remain in force accordingly.

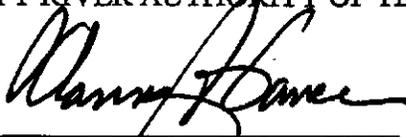
Section 19. REMEDIES UPON DEFAULT. It is not intended hereby to specify (and this Contract shall not be considered as specifying) an exclusive remedy for any default, but all such other remedies (other than termination) existing at law or in equity may be availed of by any party hereto and shall be cumulative. Recognizing however, that the Authority's undertaking to provide and maintain the services of the System is an obligation, failure in the performance of which cannot be adequately compensated in money damages alone, the Authority agrees, in the event of any default on its part, that the Town shall have available to it the equitable remedy of mandamus and specific performance in addition to any other legal or equitable remedies (other than termination) which may also be available. Recognizing that failure in the performance of the Town's obligations hereunder could not be adequately compensated in money damages alone, the Town agrees in the event of any default on its part that the Authority shall have available to it the equitable remedy of mandamus and specific performance in addition to any other legal or equitable remedies (other than termination) which may also be available to the Authority. Notwithstanding anything to the contrary contained in this Contract, any right or remedy or any default hereunder, except the right of the Authority to receive the Annual Payment which shall never be determined to be waived, shall be deemed to be conclusively waived unless asserted by a proper proceeding at law or in equity within two (2) years plus one (1) day after the occurrence of such default. No waiver or waivers of any breach or default (or any breaches or defaults) by any party hereto or of performance by any other party of any duty or obligation hereunder shall be deemed a waiver thereof in the future, nor shall any such waiver or waivers be deemed or construed to be a waiver of subsequent breaches or defaults of any kind, character, or description, under any circumstances.

Section 20. VENUE. All amounts due under this Contract, including, but not limited to, payments due under this Contract or damages for the breach of this Contract, shall be paid and be due in Tarrant County, Texas, which is the County in which the principal administrative offices of the Authority are located. It is specifically agreed among the parties to this Contract that Tarrant County, Texas, is the place of performance of this Contract; and in the event that any legal proceeding is brought to enforce this Contract or any provision hereof, the same shall be brought in Tarrant County, Texas.

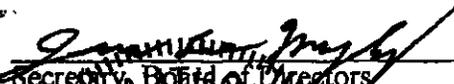
[The balance of this page is intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto acting under authority of their respective governing bodies have caused this Contract to be duly executed in several counterparts, each of which shall constitute an original, all as of the day and year first above written, which is the date of this Contract.

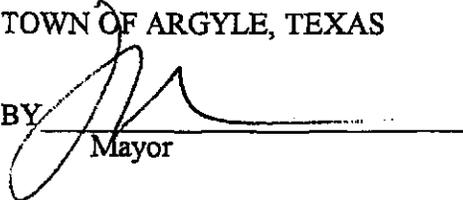
TRINITY RIVER AUTHORITY OF TEXAS

BY   
General Manager

ATTEST:

  
Secretary, Board of Directors  
(AUTHORITY SEAL)  
  
The seal is circular with a five-pointed star in the center. The text around the star reads "TRINITY RIVER AUTHORITY OF TEXAS".

TOWN OF ARGYLE, TEXAS

BY   
Mayor

ATTEST

  
Town Secretary



**EXHIBIT 1**

**PERMIT TO DISCHARGE TO THE SANITARY SEWER  
APPLICATION FORM**

Note: Please read all instructions before completing this application.

**SECTION A: GENERAL INFORMATION**

1. Facility Name: \_\_\_\_\_

Operator's Name: \_\_\_\_\_

Date operations or service started at this site: \_\_\_\_\_

Is the operator also the owner of the facility? [ ] Yes [ ] No

If no, provide the name and address of the owner and submit a copy of any documents (contracts, etc.) indicating the operator's scope of responsibility for the facility:

Name: \_\_\_\_\_

Street: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

2. Facility Address:

Street: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

3. Business Address:

Street or P.O. Box: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

4. Designated signatory authority of the facility:

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Phone number: \_\_\_\_\_

Email Address: \_\_\_\_\_

Note: The signatory authority is a person such as a president, vice-president, partner or director, or an individual authorized by such a person as having overall responsibility for environmental matters for the company as specified **in writing**.

5. Designated Facility Contact:

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Phone number: \_\_\_\_\_

Email Address: \_\_\_\_\_

Note: The designated facility contact is a person who is at the facility during normal working hours and is available to assist City personnel or their representatives.

**SECTION B: BUSINESS ACTIVITY**

1. Indicate below if your facility employs or will be employing processes described by the following categories, even if they generate no wastewater, waste sludge, or hazardous wastes. Mark all that apply to your entire facility.

Industrial Categories

- Aluminum Forming
- Asbestos Manufacturing
- Battery Manufacturing
- Can Making
- Carbon Black
- Coal Mining
- Coal Coating

(cont'd. on next page)

Industrial Categories (cont'd.)

- Copper Forming
- Electric and Electronic Components Manufacturing
- Electroplating
- Feedlots
- Fertilizer Manufacturing
- Foundries (Metal Molding and Casting)
- Glass Manufacturing

- [ ] Grain Mills
- [ ] Inorganic Chemicals
- [ ] Iron and Steel
- [ ] Leather Tanning and Finishing
- [ ] Metal Finishing
- [ ] Nonferrous Metals Forming
- [ ] Nonferrous Metals Manufacturing
- [ ] Organic Chemicals Manufacturing
- [ ] Paint and Ink Formulating
- [ ] Paving and Roofing Manufacturing
- [ ] Pesticide Agricultural Refilling
- [ ] Pesticide Formulating, Packaging and Repackaging
- [ ] Pesticides Manufacturing
- [ ] Petroleum Refining
- [ ] Pharmaceutical
- [ ] Plastic and Synthetic Materials Manufacturing
- [ ] Plastics Processing Manufacturing
- [ ] Porcelain Enamel
- [ ] Pulp, Paper and Fiberboard Manufacturing
- [ ] Rubber
- [ ] Soap and Detergent Manufacturing
- [ ] Steam Electric
- [ ] Sugar Processing
- [ ] Textile Mills
- [ ] Timber Products

Note: A facility with processes included in these business areas **may** be covered by Environmental Protection Agency's (EPA) categorical pretreatment standards and may be determined a "categorical user."

2. Give a brief description of all operations at this facility, including primary products or services (attach additional sheets if necessary):

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3. Indicate applicable Standard Industrial Classification (SIC) Codes for all processes. If more than one applies, list in descending order of importance:

a. _____	e. _____
b. _____	f. _____
c. _____	g. _____

d. \_\_\_\_\_ h. \_\_\_\_\_

4. Product Volume:

PRODUCT PRODUCED OR SERVICE PROVIDED	PAST CALENDAR YEAR		ESTIMATE THIS CALENDAR YEAR	
	Average	Maximum	Average	Maximum
1. _____	_____	_____	_____	_____
2. _____	_____	_____	_____	_____
3. _____	_____	_____	_____	_____

(Attach additional sheets if needed)

**SECTION C: WATER SUPPLY**

1. Water Sources (indicate all that apply):

- Private Well
- Surface Water
- Municipal Water Utility (Specify City): \_\_\_\_\_
- Other (Specify): \_\_\_\_\_

2. Name on the facility's water bill: \_\_\_\_\_

Street: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

3. Water service account number: \_\_\_\_\_

4. List average water usage on premises (new facilities may estimate):

Type	Average Water Usage (GPD)	Estimated (E) or Measured (M)
a. Contact cooling water	_____	_____
b. Non-contact cooling water	_____	_____

- c. Boiler Feed/blow-down \_\_\_\_\_
- d. Process \_\_\_\_\_
- e. Sanitary (25 gal/person) \_\_\_\_\_
- f. Air pollution control \_\_\_\_\_
- g. Contained in product \_\_\_\_\_
- h. Plant and equipment washdown \_\_\_\_\_
- i. Irrigation and lawn watering \_\_\_\_\_
- j. Other: \_\_\_\_\_
- k. TOTAL of a-j \_\_\_\_\_

**SECTION D: SEWER INFORMATION**

1. a. For an existing business:

Is the building presently connected to the public sanitary sewer system?

Yes: Sanitary sewer account number \_\_\_\_\_  
 No: Have you applied for a sanitary sewer hookup?  Yes  No

- b. For a new business:

Will you be occupying an existing vacant building (such as in an industrial park)?  Yes  No

Have you applied for a building permit if a new facility will be constructed?  
 Yes  No  N/A

Will you be connected to the public sanitary sewer system?  
 Yes  No

2. List size, descriptive location and flow of each wastewater line connected to the City's sewer system (if more than four, attach additional information on another sheet):

Line Size (in inches)	Location of Sewer Connection or Discharge Point	Flow (GPD)
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

**SECTION E: WASTEWATER DISCHARGE INFORMATION**

Note: New facilities may estimate flows in this section.

1. Does (or will) this facility discharge any wastewater other than domestic wastes (from restrooms) to the City sewer?

- Yes
- No

2. Provide the following information on wastewater flow rate:

a. Hours/day discharge occurs:

M \_\_\_\_\_ T \_\_\_\_\_ W \_\_\_\_\_ T \_\_\_\_\_ F \_\_\_\_\_  
 Sat \_\_\_\_\_ Sun \_\_\_\_\_

b. Hours of discharge (ex.- 9 am - 5 pm):

M \_\_\_\_\_ T \_\_\_\_\_ W \_\_\_\_\_ T \_\_\_\_\_ F \_\_\_\_\_  
 Sat \_\_\_\_\_ Sun \_\_\_\_\_

c. Peak hourly flow rate (gallons/hour): \_\_\_\_\_

d. Maximum daily flow rate (gallons/day): \_\_\_\_\_

e. Annual daily average (gallons/day): \_\_\_\_\_

3. If batch discharge occurs or will occur, indicate:
- a. Number of batch discharges per day: \_\_\_\_\_
  - b. Average volume of batch (gallons): \_\_\_\_\_
  - c. Expected time(s) of discharge: \_\_\_\_\_
  - d. Flow rate (gallons/minute): \_\_\_\_\_
  - e. Percent of total industrial discharge: \_\_\_\_\_
4. Schematic Flow Diagram- Provide a flow chart of all industrial processes conducted in the facility. Show the pathways of all materials, products, wastes and wastewater from the start of the activities to their completion. Include the average daily volume and maximum daily volume of each wastestream. If estimates are used for flow data, this must be indicated. Number each process having wastewater discharges to the city sewer. Use these numbers in the building layout in Section H. This drawing should be certified by a qualified, authorized representative.

Note: Facilities that checked activities in question 1 of Section B may be considered Categorical Industrial Users and should skip to question 6.

5. For Non-Categorical Users only: Provide the wastewater discharge flows and type of discharge (batch, continuous, or both) for each plant process. Include the reference number from the flow chart that corresponds to each process.

Ref. No.	Process Description	Average Flow (GPD)	Maximum Flow (GPD)	Type of Discharge
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

**ANSWER QUESTIONS 6 AND 7 ONLY IF YOU MAY BE SUBJECT TO CATEGORICAL PRETREATMENT STANDARDS**

6. For Categorical Users: provide the wastewater discharge flows and type (continuous, batch or both) for each process. Include the reference number from the flow chart that corresponds to each process.

Ref. No.	Categorical Process	Average Flow (GPD)	Maximum Flow (GPD)	Type of Discharge
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Ref. No.	Non-Categorical Description	Average Flow (GPD)	Maximum Flow (GPD)	Type of Discharge
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

7. For Categorical Users subject to Total Toxic Organic (TTO) requirements (see page 11, Section F, numbers 1 - 110 for TTO parameters), please provide the following information:
- Does (or will) this facility use any of the toxic organics that are listed under the categorical pretreatment standards published by the EPA?  
 Yes     No
  - Has a report been submitted (such as a Baseline Monitoring Report) that indicates TTO concentrations present in the water?

Yes  No

c. Has a Toxic Organic Management Plan (TOMP) been developed?

Yes  No

If yes, submit a copy along with this application.

8. Do you have, or plan to have, automatic sampling equipment or continuous wastewater flow metering equipment at this facility?

Current:	Flow Metering	<input type="checkbox"/> Yes	<input type="checkbox"/> No
	Sampling Equipment	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Planned:	Flow Metering	<input type="checkbox"/> Yes	<input type="checkbox"/> No
	Sampling Equipment	<input type="checkbox"/> Yes	<input type="checkbox"/> No

Please indicate the present or future location of this equipment on the sewer schematic and describe the equipment below:

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9. Are any process changes or expansions planned during the next three years that could alter wastewater volumes or characteristics? Consider production processes as well as air or water pollution treatment processes that may affect the discharge.

Yes  No

If yes, briefly describe these changes : \_\_\_\_\_

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10. Are any materials or water reclamation systems in use or planned?

Yes  No

If yes, briefly describe recovery processes, substances recovered, percent recovery, and the concentration in the spent solutions. Refer to the process flow chart:

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11. Do you have a written Pollution Prevention Plan (P2 Plan)?  Yes  No  
If yes, submit a copy with this form.

12. Are any steps currently or planned for addressing waste minimization?

Yes  No

If yes, please describe: \_\_\_\_\_

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## SECTION F: CHARACTERISTICS OF DISCHARGE

The tables in this section are for determining what pollutants are associated with your facility's wastewater. If you currently hold a permit and are renewing it with this application, provide the requested information on all parameters for which monitoring has been performed in the past three years. For all other pollutants, indicate whether they are known to be present (P), suspected to be present (S), or known to be absent (A). DO NOT LEAVE BLANKS!

If you are applying for a permit for the first time, indicate P, S, or A (see above) in the following tables.

**Total Toxic Organics (TTO's), 40 CFR Part 122, Table II**  
(includes Volatiles, Base Neutrals, Acid Extractibles, and Pesticides)

Parameter	Location	Method	Detection Limit	Maximum Daily Value (with units)	Average Value (with units)	Number of Analyses	P; S; A
<b>Volatiles</b>							
1. Acrolein							
2. Acrylonitrile							
3. Benzene							
4. Bromoform							
5. Carbon tetrachloride							
6. Chlorobenzene							
7. Chlorodibromomethane							
8. Chloroethane							
9. 2-chloroethylvinyl ether							
10. Chloroform							
11. Dichlorobromomethane							
12. 1,1-dichloroethane							
13. 1,2-dichloroethane							
14. 1,1-dichloroethylene							
15. 1,2-dichloropropane							
16. 1,3-dichloropropylene							
17. Ethylbenzene							
18. Methyl bromide							
19. Methyl chloride							
20. Methylene chloride							
21. 1,1,2,2-tetrachlorethane							
22. Tetrachloroethylene							
23. Toluene							
24. 1,2-trans-dichloroethylene							
25. 1,1,1-trichloroethane							

Parameter	Location	Method	Detection Limit	Maximum Daily Value (with units)	Average Value (with units)	Number of Analyses	P; S; A
26. 1,1,2-trichloroethane							
27. Trichloroethylene							
28. Vinyl chloride							
<b>Acid Extractibles</b>							
29. 2-chlorophenol							
30. 2,4-dichlorophenol							
31. 2,4-dimethylphenol							
32. 4,6-dinitro-o-cresol							
33. 2,4-dinitrophenol							
34. 2-nitrophenolane							
35. 4-nitrophenolane							
36. p-chloro-m-cresol							
37. Pentachlorophenol							
38. Phenol							
39. 2,4,6-trichlorophenol							
<b>Base Neutrals</b>							
40. Acenaphthene							
41. Acenaphthylene							
42. Anthracene							
43. Benzidine							
44. Benzo (a) anthracene							
45. Benzo (a) pyrene							
46. 3,4-benzofluoranthene							
47. Benzo (ghi) perylene							
48. Benzo (k) fluoranthene							
49. Bis (2-chloroethoxy) methane							
50. Bis (2-chloroethyl) ether							
51. Bis (2-chloroisopropyl) ether							
52. Bis (2-ethylhexyl) phthalate							
53. 4-bromophenyl phenyl ether							
54. Butylbenzyl phthalate							
55. 2-chloronaphthalene							
56. 4-chlorophenyl phenyl ether							
57. Chrysene							
58. Dibenzo (a,h) anthracene							
59. 1,2-dichlorobenzene							
60. 1,3-dichlorobenzene							
61. 1,4-dichlorobenzene							
62. 3,3-dichlorobenzidine							
63. Diethyl phthalate							
64. Dimethyl phthalate							

Parameter	Location	Method	Detection Limit	Maximum Daily Value (with units)	Average Value (with units)	Number of Analyses	P; S; A
65. Di-n-butyl phthalate							
66. 2,4-dinitrotoluene							
67. 2,6-dinitrotoluene							
68. Di-n-octyl phthalate							
69. 1,2-diphenylhydrazine							
70. Fluoranthene							
71. Fluorene							
72. Hexachlorobenzene							
73. Hexachlorobutadiene							
74. Hexachlorocyclopentadiene							
75. Hexachloroethane							
76. Indeno (1,2,3-cd) pyrene							
77. Isophorone							
78. Napthalene							
79. Nitrobenzene							
80. N-nitrosodimethylamine							
81. N-nitrosodi-n-propylamine							
82. N-nitrosodiphenylamine							
83. Phenanthrene							
84. Pyrene							
85. 1,2,4-trichlorobenzene							
<b>Pesticides</b>							
86. Aldrin							
87. Alpha-BHC							
88. Beta-BHC							
89. Gamma-BHC							
90. Delta-BHC							
91. Chlordane							
92. 4,4'-DDT							
93. 4,4'-DDE							
94. 4,4'-DDD							
95. Dieldrin							
96. Alpha-endosulfan							
97. Beta-endosulfan							
98. Endosulfan sulfate							
99. Endrin							
100. Endrin aldehyde							
101. Heptachlor							
102. Heptachlor epoxide							
103. PCB-1242							

Parameter	Location	Method	Detection Limit	Maximum Daily Value (with units)	Average Value (with units)	Number of Analyses	P; S; A
104. PCB-1254							
105. PCB-1221							
106. PCB-1232							
107. PCB-1248							
108. PCB-1260							
109. PCB-1016							
110. Toxaphene							

**40 CFR Part 122, Appendix D, Table III**  
(metals, cyanide and total phenols)

Parameter	Location	Method	Detection Limit	Maximum Daily Value (with units)	Average Value (with units)	Number of Analyses	P; S; A
1. Antimony, Total							
2. Arsenic, Total							
3. Barium, Total							
4. Beryllium, Total							
5. Cadmium, Total							
6. Chromium, Total							
7. Copper, Total							
8. Cyanide, Total							
9. Lead, Total							
10. Mercury, Total							
11. Nickel, Total							
12. Selenium, Total							
13. Silver, Total							
14. Thallium, Total							
15. Zinc, Total							
16. Phenols, Total							
17. Nitrite N							
18. Organic N							
19. Orthophosphate P							
20. Phosphorus							
21. Sodium							
22. Specific Conductance							
23. Sulfate							
24. Sulfide							
25. Sulfite							

### Other Pollutants of Concern

Parameter	Location	Method	Detection Limit	Maximum Daily Value (with units)	Average Value (with units)	Number of Analyses	P; S; A
1. Asbestos							
2. Diazinon							
3. Molybdenum, Total							
4. 2,3,7,8-tetrachlorodibenzo-p-dioxin (TCDD)							

### SECTION G: TREATMENT

1. Is any form of wastewater treatment practiced at this facility?

Yes     No

If yes, indicate which is used:

- Air flotation
- Centrifuge
- Chemical precipitation
- Chlorination
- Cyclone
- Filtration
- Flow equalization
- Grease or oil separation, type: \_\_\_\_\_
- Grease trap
- Grinding filter
- Grit removal
- Ion exchange
- Neutralization, pH adjustment
- Ozonation
- Reverse osmosis
- Screen
- Sedimentation
- Septic tank
- Solvent separation
- Spill protection
- Sump
- Biological treatment, type: \_\_\_\_\_
- Rainwater diversion or storage
- Other chemical treatment, type: \_\_\_\_\_
- Other physical treatment, type: \_\_\_\_\_
- Other, type: \_\_\_\_\_

2. Describe the pollutant loadings, flow rates, design capacity, physical size, and operating procedures of each treatment facility checked above. Attach additional sheets if needed.

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3. Describe any changes in treatment or disposal methods planned or under construction for the wastewater discharge to the sanitary sewer. Include estimated completion dates.

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4. Do you have a treatment operator?  Yes  No

If yes, complete the following:

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Phone number: \_\_\_\_\_

Full time (specify hours): \_\_\_\_\_

Part time (specify hours): \_\_\_\_\_

5. Do you have manual on the correct operation of your treatment equipment?

Yes  No

6. Do you have a written maintenance schedule for your treatment equipment?

Yes  No

**SECTION H: FACILITY OPERATIONAL CHARACTERISTICS**

1. Shift information:

Work Days:	<input type="checkbox"/>						
	Mon.	Tue.	Wed.	Thu.	Fri.	Sat.	Sun.
Employees per shift:	1st	_____	_____	_____	_____	_____	_____
	2nd	_____	_____	_____	_____	_____	_____
	3rd	_____	_____	_____	_____	_____	_____
Shift start and end times	1st	_____	_____	_____	_____	_____	_____
	2nd	_____	_____	_____	_____	_____	_____
	3rd	_____	_____	_____	_____	_____	_____

2. Indicate whether the business activity is:

Continuous through the year, or

Seasonal- explain: \_\_\_\_\_

3. Indicate whether the facility discharge is:

Continuous through the year, or

Seasonal- explain: \_\_\_\_\_

4. Do your industrial processes shut down for vacation, maintenance or other reason?

Yes  No

If yes, explain: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_



7. **Building Layout-** Attach a scale map drawing of the location of each building on the premises. Show map orientation and location of all water meters, storm drains, numbered processes (from the flow chart), public sewers, and each facility sewer line connected to the public sewers. Number each sewer and show existing and proposed sampling locations. A blueprint of the facilities showing the above items may be attached in lieu of a newly developed drawing.

**SECTION I: SLUG AND SPILL PREVENTION**

1. Do you have chemical storage containers, bins, or ponds at your facility?

Yes  No

If yes, please give a description of their location, contents, size, type and cleaning frequency and method. Also, indicate the proximity of these containers to a sewer or storm drain (this may be done in a drawing). Indicate if buried metal containers have cathodic protection.

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2. Do you have floor drains in your manufacturing or chemical storage areas?

Yes  No

If yes, to where do they drain? \_\_\_\_\_

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3. Could an accidental spill of chemicals storage containers, bins or ponds result in a discharge to any of the following areas (check all that apply)?

- Onsite disposal system
- Public sanitary sewer system (for example, through a floor drain)
- Storm drain
- Ground
- Other (specify): \_\_\_\_\_
- Not applicable; no possible discharge to any of the above routes

4. Do you have a written Slug Control Plan or a Spill Prevention Plan to prevent chemical spills or slug discharges from entering the Control Authority's collection system (the sanitary sewer)?

Yes  No  Not applicable, since there are no floor drains and/or the facility discharges only domestic wastes.

If yes, please submit a copy along with this application.

5. Please describe below any previous spill events and remedial measures taken to prevent their reoccurrence.

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**SECTION J: NONDISCHARGED WASTES**

1. Are any waste liquids or sludges generated and not disposed of in the sanitary sewer system?

Yes  No (if no, skip the remainder of this section)

If yes, please describe:

Waste Generated	Quantity (per year)	Disposal Method
<hr/>	<hr/>	<hr/>



**SECTION K: AUTHORIZED SIGNATURES**

1. Are all applicable local, state and federal pretreatment standards and requirements being met on a consistent basis?

Yes  No  Not applicable, since discharge is not yet occurring

If no:

a. What additional operations and maintenance procedures are being considered to bring the facility into compliance? Also, list additional treatment technology or practices being considered in order to bring the facility into compliance.

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b. Provide a schedule for bringing the facility in compliance. Specify major events planned along with reasonable completion dates.

Milestone Activity	Completion Date
<hr/>	<hr/>

Note: If the Control Authority issues a permit to the applicant, it may establish a schedule for compliance different from the one submitted by the facility.

**Authorized Representative Statement:**

I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations.

\_\_\_\_\_  
Name(s)

\_\_\_\_\_  
Title(s)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Phone number

**EXHIBIT 2**

CITY  
PERMIT TO DISCHARGE INDUSTRIAL WASTEWATERS  
TO THE SANITARY SEWER

Name of Industry (Permittee) \_\_\_\_\_

Permitted Process \_\_\_\_\_

Date Permitted Process Established at this Address \_\_\_\_\_

Address \_\_\_\_\_  
(location of sewer service)

Permit No. \_\_\_\_\_

The above named permittee is authorized to discharge industrial wastewaters to the sanitary sewerage system according to the provisions of this permit. This permit is based on the Application for Wastewater Discharge Permit and all related compliance schedules, plans and commitments to performance as submitted by the above named permittee or his authorized representative. Compliance with this permit does not relieve the permittee of its obligation to comply with any or all applicable pretreatment regulations, standards or requirements under local, State, and Federal laws, including any such regulations, standards, requirements, or laws that may become effective during the term of this permit. Authorization is granted for a period beginning \_\_\_\_\_ until \_\_\_\_\_  
Month/Day/Year                      Month/Day/Year

\_\_\_\_\_  
Authorized Representative

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
City

S T A T E   O F   T E X A S

PERMIT NO.

**PART 1 - EFFLUENT LIMITATIONS**

- A. The permittee is authorized to discharge process wastewater to the City of \_\_\_\_\_, and Trinity River Authority wastewater system from the outfall(s) listed below:

<u>Outfall</u>	<u>Descriptions</u>
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- B. Where effluent discharge limits are subject to more than one standard/limitation the more restrictive shall apply. (See Appendix B, Sources for Effluent Limitations.) The discharges from outfall \_\_\_\_\_ shall not exceed the following effluent limitations except that BOD<sub>5</sub> and TSS may instead be subject to a surcharge for exceeding the stated limits (see special conditions section of the permit).

APPLICABLE CATEGORICAL EFFLUENT LIMITATIONS - OUTFALL

(Expressed as Total mg/l except pH which is in Standard Units)

<u>Parameter</u>	<u>Limit</u>
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\*See Special Conditions, Part 9 for information

APPLICABLE LOCAL EFFLUENT LIMITATIONS - OUTFALL

(Expressed as Total mg/l except pH which is in Standard Units)

<u>Parameter</u>	<u>Limit</u>
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\*See Special Conditions, Part 9 for information

C. The effluent from outfall \_\_\_\_ shall be of domestic or nonprocess wastewater only during the following time periods: \_\_\_\_ All discharges shall comply with all other applicable laws, regulations, standards, and requirements contained in City of \_\_\_\_ Ordinance No. \_\_\_\_ and any applicable State and Federal pretreatment laws, regulations, or requirements that may become effective during the term of this permit. Ignorance of any of the aforementioned shall not constitute a means of relief from compliance.

**PART 2 - MONITORING REQUIREMENTS**

**A. Categorical Monitoring Requirements**

- Permittee performs self-monitoring, 40 CFR Part 403.12(g)
- Control Authority performs permittee's required self-monitoring 40 CFR Part 403(g).

Outfall \_\_\_\_ shall be monitored for the following parameters, at the indicated frequency:

Sampling Frequency (Minimum)

<u>Parameter</u>	<u>Frequency</u>	<u>Sample Type</u>
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\*See Special Conditions, Part 9 for information

All handling and preservation of collected samples and laboratory analyses of samples shall be performed in accordance with 40 CFR Part 136 and amendments thereto unless specified otherwise in the monitoring conditions of this permit.

B. Local Limit Monitoring Requirements

- Permittee performs self-monitoring, 40 CFR Part 403.12(g)
- Control Authority performs permittee's required self-monitoring 40 CFR Part 403(g).

Outfall \_\_\_\_\_ shall be monitored for the following parameters, at the indicated frequency:

Sampling Frequency (Minimum)

<u>Parameter</u>	<u>Frequency</u>	<u>Sample Type</u>
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\*See Special Conditions, Part 9, for information

All handling and preservation of collected samples and laboratory analyses of samples shall be performed in accordance with 40 CFR Part 136 and amendments thereto unless specified otherwise in the monitoring conditions of this permit.

**PART 3 - RECORDS**

A. Retention of Records

1. The permittee shall retain records of all monitoring information including: all calibration and maintenance records, all original strip chart recordings for continuous monitoring instrumentation, copies of all reports required by this permit, and self monitoring performed, and records of all data used to complete the application for this permit.
2. This and all other pretreatment related information shall be retained for a period of at least three years. This period may be extended by request of the City and/or Trinity River Authority.
3. All records that pertain to enforcement or litigation activities brought by the City and/or Trinity River Authority shall be retained and preserved by the permittee for three years, or until all enforcement activities and appeals have expired.

**B. Record Contents**

Records of sampling and analyses shall include:

1. The date, exact place, method, and time of sampling and the names of the person or persons taking the samples;
2. The analytical techniques/methods used; and
3. The results of such analyses, including quality control records.

**C. Falsifying Information**

Knowingly making any false statement on any report or other document required by this permit or knowingly rendering any monitoring device or method inaccurate, may result in the imposition of criminal sanctions and/or civil penalties.

**D. Inspection and Entry**

The permittee shall allow the City, or it's authorized representative, Trinity River Authority, EPA, and/or TCEQ upon the presentation of credentials and other documents as may be required by law, to:

1. Enter upon the permittee's premises where a regulated facility or activity is located or conducted, or where records must be kept under the conditions of this permit;
2. Have access to and copy, at reasonable times, any records that must be kept under the conditions of this permit;
3. Inspect at reasonable times any facilities, property, equipment (including monitoring and control equipment), practices, or operations.
4. Sample or monitor for the purposes of assuring permit compliance any substances or parameters at any location; and
5. Records pertinent to this permit shall be made available during inspections. Requests by the permittee for replication of records shall be made in writing and signed by the permittee's authorized representative.

**E. Manifesting**

Permittee shall maintain records and make available for inspection all manifests from waste haulers removing hazardous materials from the facility whether for disposal or for recycling purposes. If on site disposal or recycling occurs the Permittee shall maintain records of such.

## PART 4 - MONITORING AND REPORTING REQUIREMENTS

### A. Representative Sampling

Samples and measurements taken as required herein shall be representative of the volume and nature of the monitored discharge. All samples shall be taken at the monitoring points specified in this permit. All equipment used for sampling and analysis must be routinely calibrated, inspected, and maintained to ensure their accuracy.

### B. Flow Measurements

If flow measurement is required by this permit, the devices shall be installed, calibrated, and maintained to ensure accuracy of the measurements. Devices selected shall be capable of measuring flows with a maximum deviation of less than 10 percent from true discharge rates throughout the range of expected discharge volumes.

### C. Analytical Methods

All sampling and analysis required by this permit shall be performed in accordance with the techniques prescribed in 40 CFR Part 136 and amendments thereto, otherwise approved by EPA or as specified in this permit.

### D. Semi-annual Reports

Permittee shall summarize pertinent pretreatment regulatory information on the Pretreatment Semi-Annual Report form. This report will be the current form as per the City, and is to be completed during the months of June and December. The City may specify different months in consideration of such factors as budget cycles, holidays, high or low flows, etc. The semi-annual report shall be submitted to the City, with a copy to the Trinity River Authority of Texas. See Appendix A for addresses.

If the permittee monitors any pollutant more frequently than required by this permit, using test procedures prescribed in 40 CFR Part 136 or amendments thereto or otherwise approved by EPA or as specified in this permit, the results of such monitoring, along with copies of laboratory reports and chain of custody sheets, shall be included in the Semi-Annual Report submitted.

### E. Automatic Resampling

If the results of the permittee's self-monitoring and wastewater analysis indicates that a violation of this permit has occurred, the permittee must:

1. Inform the City of the violation within 24 hours of becoming aware of the violation; and

2. Repeat the sampling and pollutant analysis and submit in writing the results of the second analysis within 30 days of becoming aware of the violation.

F. Accidental Discharge Report

The permittee shall notify the City and Trinity River Authority immediately upon the occurrence of an accidental discharge or any slug loads or spills of substances prohibited or otherwise limited that enter or may enter the public sewer. The City and Trinity River Authority shall be notified by telephone, (See Appendix A), Monday - Friday, weekends and holidays. The notification shall include: location of discharge, date and time thereof, type of waste (including concentration and volume), and actions taken to prevent or minimize the recurrence of such an event. Within five (5) days following an accidental discharge, the permittee shall submit to the City and Trinity River Authority a detailed written report. The report shall specify:

1. Description and cause of the upset including: location of discharge, type, concentration, and volume of waste.
2. Duration of noncompliance including exact dates and times of noncompliance and, if the noncompliance is continuing, an immediate response to cause the noncompliant discharge to cease; also continuous communication with the affected parties so as to keep them informed of the situation.
3. All steps taken or to be taken to reduce, eliminate, and prevent continuation or recurrence of such an upset, slug load or accidental discharge, spill, or other conditions of noncompliance.

G. Monitoring Facilities

The City may require to be provided and operated (at the Users' own expense) monitoring facilities to allow inspection, sampling, and flow measurement of the total discharge or any part of the total discharge originating from their facility. The facilities and the sampling and measuring equipment shall be maintained at all times in a safe and proper operating condition at the expense of the User.

H. Changes

The permittee shall give written notice to the City 60 days prior to any facility expansion, production increase, or process modifications which result in new or substantially increased discharge or a change in the nature of the discharge. Variations in flow greater than 20%, or changes in the timing of batch discharges from the permittee as a result of modifications to the industrial processes must be reported in writing.

I. Anticipated Noncompliance

The permittee shall give advance notice to the City of any planned changes in the permitted facility or activity which may result in noncompliance with permit requirements. This does not relieve the permittee from maintaining compliance with the requirements of this permit.

J. Duty to Provide Information

The permittee shall furnish to the City and Trinity River Authority any information which the City and Trinity River Authority may request to determine whether cause exists for: modifying, revoking, reissuing, terminating this permit, or determining compliance with this permit. The permittee shall also, upon request, furnish to the City and Trinity River Authority copies of any records required to be kept by this permit.

K. Act of God Provision:

1. An event that would otherwise be a violation that is caused solely by an Act of God, war, strike, riot, or other catastrophe is not a violation.
2. In an enforcement proceeding, the user seeking to establish the occurrence of an ACT of God, war, strike, riot, or other catastrophe shall have the burden of proof.
3. In the event that an Act of God, war, strike, riot, or other catastrophe has been established the user shall control production of all discharges to the extent possible until such time as the reduction, loss, or failure of it's treatment facility is restored or an alternative method of treatment is provided.

L. Notification of Bypass

1. Anticipated bypass. Anticipated discharges which would cause a violation of this permit will not be allowed.
2. Unanticipated bypass. The permittee shall immediately notify the City and Trinity River Authority and submit a written notice within five (5) days. This report shall specify:
  - a. The description of the bypass and it's cause including its duration;
  - b. Whether the bypass has been corrected; and
  - c. The steps being taken or to be taken to reduce, eliminate, and prevent continuation or recurrence of the bypass.

M. Slug Loading

Permittee shall immediately notify the treatment plant and the City (Appendix A) in the event that a slug loading of pollutants occurs. Slug load is defined as any discharge of a non-routine and/or episodic nature, including those defined in 40 CFR 403.5(b), that could cause problems to the POTW.

N. Signatory Requirements

All applications, reports, or information submitted to the City and Trinity River Authority must contain the following certification statement and be signed by the Designated Signatory Authority for your facility:

"I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations."

If the Designated Signatory Authority, as stated in the Permit Application, is no longer accurate because a different individual or position has overall responsibility for the environmental matters for the company, a new authorization satisfying the requirements of 40 CFR 403.12(1) must be submitted to the City prior to or together with any reports to be signed by the Designated Signatory Authority.

All reports required by this permit shall be submitted to the City and Trinity River Authority (See Appendix A). Failure to submit any report or information required by this permit shall constitute a violation.

**PART 5: OPERATION AND MAINTENANCE OF POLLUTION CONTROLS**

A. Proper Operation and Maintenance

The permittee shall at all times properly operate and maintain all facilities and systems of treatment and control (and related appurtenances) which are installed or used by the permittee to achieve compliance with the conditions of this permit. Proper operation and maintenance includes but is not limited to: effective performance, adequate funding, adequate operator staffing and training, and adequate laboratory and process controls including appropriate quality assurance procedures.

**B. Duty to Halt or Reduce Activity**

Upon reduction of efficiency of operation or loss or failure of all or part of the treatment facility, the permittee shall to the extent necessary to maintain compliance with its permit, control its production or discharges (or both) until operation of the treatment facility is restored or an alternative method of treatment is provided. This requirement applies, for example, when the primary source of power of the treatment facility fails or is reduced. It shall not be a defense for a permittee that it would have been necessary to halt or reduce the permitted activity in order to maintain compliance with the conditions of this permit.

**PART 6: PROHIBITIONS**

**A. Bypass**

1. The pretreatment facility of the permittee must be in operation at all times to the extent necessary to meet applicable requirements and regulations.
2. Exceptions:
  - a. A bypass may be excused if the bypass is unavoidable to prevent loss of life, personal injury, or severe property damage. It may be excusable if there are no feasible alternatives to the bypass.
  - b. The "no feasible" alternatives criterion is not satisfied if, in the exercise of reasonable engineering judgement, adequate back-up equipment should have been installed to prevent a bypass which occurs during preventative maintenance or normal periods of equipment downtime.
3. Reporting requirements - see Part 4, Paragraph K.

**B. Dilution**

Except where expressly authorized to do so by an applicable Pretreatment Standard or Requirement, no Industrial User shall ever increase the use of process water, or in any other way attempt to dilute a discharge as a partial or complete substitute for adequate treatment to achieve compliance with a Pretreatment Standard or Requirement.

**C. General Prohibitions**

The permittee shall not introduce into the POTW any pollutant(s) which will cause Pass Through or Interference as outlined in 40 CFR 403.5(a).

D. Specific Prohibitions

The permittee shall not introduce into the POTW any pollutant as outlined in the City of \_\_\_\_\_, Ordinance No. \_\_\_\_\_, as listed in Appendix D. As well as any pollutant outlined in 40 CFR 403.5(b). Including but not limited to:

1. Pollutants which create a fire or explosion hazard in the POTW, including, but not limited to, wastestreams with a closed cup flashpoint of less than 140 degrees Fahrenheit or 60 degrees Centigrade using the test methods specified in 40 CFR 261.21.
2. Pollutants which will cause corrosive structural damage to the POTW, but in no case Discharges with pH lower than 5.0, unless the works is specifically designed to accommodate such Discharges;
3. Solid or viscous pollutants in amounts which will cause obstruction to the flow in the POTW resulting in Interference;
4. Any pollutant, including oxygen demanding pollutants (BOD, etc.) released in a Discharge at a flow rate and/or pollutant concentration which will cause Interference with the POTW.
5. Heat in amounts which will inhibit biological activity in the POTW resulting in Interference, but in no case heat in such quantities that the temperature at the POTW Treatment Plant exceeds 40 °C (104 °F) unless the Approval Authority, upon request of the POTW, approves alternate temperature limits.
6. Petroleum oil, nonbiodegradable cutting oil, or products of mineral oil origin in amounts that will cause interference or pass through;
7. Pollutants which result in the presence of toxic gases, vapors, or fumes within the POTW in a quantity that may cause acute worker health and safety problems;
8. Any trucked or hauled pollutants, except at discharge points designated by the POTW.

E. Hazardous Waste Notification

The permittee shall notify the POTW, the City of \_\_\_\_\_, the EPA Regional Waste Management Division Director, and State hazardous waste authorities in writing of any discharge into the sanitary sewer system of a substance, which, if otherwise disposed of would be a hazardous waste as outlined in 40 CFR 261. Such notification shall conform to requirements described in 40 CFR 403.12(p).

PART 7: GENERAL CONDITIONS

A. Severability

The provisions of this permit are severable, and if any provision of this permit is held invalid, the remainder of this permit shall not be affected.

B. Duty to Comply

The permittee must comply with all conditions of this permit. Failure to comply with the requirements of this permit may be grounds for administrative action, Compliance schedule or enforcement proceedings.

C. Duty to Mitigate

The permittee shall take all reasonable steps to minimize or correct any adverse impact to the POTW or the environment resulting from noncompliance with this permit. This includes additional monitoring as necessary to determine the nature and impact of the noncompliant discharge.

D. Permit Modification/Reopener Clause

This permit may be modified/reopened for good causes including, but not limited to, the following:

1. To incorporate a compliance schedule or any new or revised Federal, State, or local pretreatment standards or requirements;
2. Material or substantial alternations or additions to the discharger's operation processes or discharge volume or character which were not considered in drafting the effective permit;
3. A change in any condition in either the industrial user or the POTW that requires either a temporary or permanent reduction or elimination of the authorized discharge;
4. Violation of any terms or conditions of the permit;
5. Misrepresentation or failure to disclose all relevant facts in the permit application or in any required reporting;
6. To correct typographical or other errors in the permit;
7. To reflect transfer of the facility ownership and/or operation to a new owner/operation;
8. Any new or revised requirements contained in the National Categorical Pretreatment Standard promulgated or for a National General Pretreatment Standard promulgated;

9. Any new or revised requirements resulting from the Trinity River Authority reevaluation of its local limits.

E. Permit Termination

This permit may be terminated for the following reasons:

1. Falsifying self-monitoring reports;
2. Tampering with monitoring equipment;
3. Refusing to allow timely access to the facility premises and record;
4. Failure to meet effluent limitations;
5. Failure to meet compliance schedules; and
6. Problems at POTW associated with discharges from the user such as pass through or interference.

F. Property Rights

The issuance of this permit does not convey any property rights of any sort, or any exclusive privileges, nor does it authorize any injury to private property or any invasion of personal rights, nor any violation of Federal, State, or local laws or regulations.

G. Limitation on Permit Transfer

Permits may be reassigned or transferred to a new owner and/or operator with prior approval of the City:

1. The permittee must give at least \_\_\_ days advance notice to the City.
2. The notice must include a written certification by the new owner which:
  - a. States that the new owner has received a copy of the existing permit and has no immediate intent to change the facility's operations and processes;
  - b. Identifies the specific date on which the transfer is to occur; and
  - c. Acknowledges full responsibility for complying with the existing permit.

H. Duty to Reapply

If the permittee wishes to continue an activity regulated by this permit after the expiration date of this permit the permittee must submit an application for a new permit at least \_\_\_ days before the expiration date of this permit.

I. Continuation of Expired Permits

An expired permit will continue to be effective and enforceable until the permit is reissued. The permittee will not be subject to penalties if:

1. The permittee has submitted a complete permit application at least \_\_\_ days prior to the expiration date of the user's existing permit.
2. The failure to reissue prior to expiration of the previous permit is not due to any act or failure to act on the part of the permittee.

J. Civil and Criminal Liability

Nothing in this permit shall be construed to relieve the permittee from civil and/or criminal penalties for noncompliance under local, State, or Federal laws, regulations, or ordinances.

K. Compliance with Applicable Pretreatment Standards and Requirements

Compliance with this permit does not relieve the permittee from its obligations regarding compliance with any and all applicable local, State and Federal pretreatment standards and requirements including any such standards or requirements that may become effective during the term of this permit.

**PART 8: NON-COMPLIANCE**

A. Criminal/Civil Penalties

The City may deny or revoke the permit, disallow/disconnect service, assess civil or criminal penalties, develop compliance schedules, and seek other available legal remedies, in accordance with City, State or Federal laws, regulations, ordinances, or codes for any violation of this permit.

1. Civil Penalties

- a. A user who has violated, or continues to violate, any provision of the industrial wastewater ordinance, wastewater discharge permit, or order issued hereunder, or any other pretreatment standard or requirement shall be liable to the City for a maximum civil penalty of One Thousand Dollars (\$1,000.00) per violation, per day. In the case of a monthly

or other long- term average discharge limit, penalties shall accrue for each day during the period of the violation.

- b. The City may recover reasonable attorneys' fees, court costs, and other expenses associated with enforcement activities, including sampling and monitoring expenses, and the cost of any actual damages incurred by the City.
- c. In determining the amount of civil liability, the Court shall take into account all relevant circumstances, including, but not limited to, the extent of harm caused by the violation, the magnitude and duration of the violation, any economic benefit gained through the user's violation, corrective actions by the user, the compliance history of the user, and any other factor as justice requires.
- d. Filing a suit for civil penalties shall not be a bar against, or a prerequisite for, taking any other action against a user.

## 2. Criminal Prosecution

- a. A user who violates any provision of the industrial wastewater ordinance, a wastewater discharge permit, or order issued hereunder, or any other pretreatment standard or requirement shall, upon conviction, be guilty of a misdemeanor, punishable by a fine of not more than Two Thousand Dollars (\$2,000.00) per violation, per day, or imprisonment as decided by an appropriate court, or both.
- b. A user who introduces any substance into the POTW which causes personal injury or property damage shall, upon conviction, be guilty of a [misdemeanor] and be subject to the same penalties described in A.1.a. above. This penalty shall be in addition to any other cause of action for personal injury or property damage available under State law.
- c. A user who makes any false statements, representations, or certifications in any application, record, report, plan, or other documentation filed, or required to be maintained, pursuant to the industrial wastewater ordinance, wastewater discharge permit, or order issued hereunder, or who falsifies, tampers with, or knowingly renders inaccurate any monitoring device or method required under this ordinance shall, upon conviction, be subject to the same penalties described in A.1.a above.
- d. CRIMINAL RESPONSIBILITY. A culpable mental state is not required to prove an offense under this Ordinance. A person is criminally responsible for a violation of this Ordinance if:

- (1) the person commits or assists in the commission of a violation, or causes or permits another person to commit a violation; or
- (2) the person owns or manages the property or facilities determined to be the cause of the illegal discharge.

**B. Annual Publication**

A list of all industrial users which were determined to be in significant noncompliance, as defined in 40 CFR 403.8(f)(2)(vii), during the POTW's previous twelve (12) month reporting period shall be annually published by the city in the largest daily newspaper within its service area.

**PART 9: SPECIAL CONDITIONS**

**A. Surcharge**

Permittee may be surcharged for BOD<sub>5</sub> and TSS based on monitoring activities conducted each year by the City or its authorized representative. The surcharge will be assessed according to the following formula each month using the most current pollutant concentration data and the current month's wastewater flow:

$$\text{Surcharge} = \frac{Q}{1,000,000} \times 8.34 \times [a(\text{BOD} - x) + b(\text{TSS} - y)]$$

- Q = flow of wastewater in gallons
- 8.34 = weight in pounds of one gallon of water
- x = normal limits of Biochemical Oxygen Demand (BOD) in domestic wastewater expressed in milligrams per liter
- y = normal limits of Total Suspended Solids (TSS) in domestic wastewater expressed in milligrams per liter
- a = unit cost per pound of BOD
- b = unit cost per pound of TSS

BOD<sub>5</sub> and TSS limits represent a surcharge limit. Exceeding surcharge limits does not constitute a violation.

**B. TTO Requirements**

- ↑ VOLATILES
- ↑ BASE NEUTRALS
- ↑ ACID EXTRACTABLE

For Metal Finishing Category, 40 CFR Part 433, in lieu of performing the self-monitoring requirement for TTO, if an approved Toxic Organic Management Plan (TOMP) is on file with the Control Authority, the user may submit a certification statement with the semi-annual reports as per 40 CFR Part 403.12(e) and 403.12(g). The statement will be provided by the City for the user's report.

APPENDIX A (Telephone Numbers/Addresses)

Trinity River Authority  
Address

Phone #  
Fax #

City of \_\_\_\_\_  
Address

Phone #  
Fax #

APPENDIX B (Sources for Effluent Limitations)

A. The following are the Local Limits, outlined in City of \_\_\_\_\_  
Ordinance No. \_\_\_\_\_:

<u>Parameter</u>	<u>Local Limit (mg/l)</u>
------------------	-------------------------------

B. [If Applicable] The following limits apply to the federally  
regulated processes and related discharges for the [insert type of  
industry being permitted] category 40 CFR Part [XXXX]:

<u>Pollutant</u>	<u>Max. Daily (mg/l)</u>	<u>Max. Monthly (mg/l)</u>
------------------	------------------------------	--------------------------------

C. [If Applicable] When applying the categorical limits at Outfall\_\_\_\_, the following combined wastestream formula limits shall be used. Flow information is taken from the most recent flow data submitted by the Permittee:

$$C(t) = C(i) \times \frac{F(t)-F(d)}{F(t)} \quad C(t) = C(i) \times \quad C(t) = C(i) \times ( \quad )$$

Where:

- C(t) = Alternate Concentration Limit
- C(i) = Categorical Pretreatment Standard Concentration Limit
- F(t) = Average daily flow through the facility (includes regulated, unregulated, and dilute wastestreams)
- F(d) = Average Daily flow of dilute wastestreams

<u>Pollutant</u>	Alternative Max. Daily (mg/l)	Alternative Max. Monthly (mg/l)
------------------	-------------------------------------	---------------------------------------

The applicable limits shall be the more restrictive of either local limits or the recalculated categorical limits for the point of entry.

## APPENDIX C - Definitions

- A. Average - The arithmetic mean of the values for effluent samples collected over a designated period.
- B. Bi-Monthly - Once every other month.
- C. Bi-Weekly - Once every other week.
- D. Bypass - Means the intentional diversion of wastes from any portion of a treatment facility.
- E. Composite Sample - A sample that is collected over time, formed either by continuous sampling or by mixing discrete samples. The sample may be composited either as a time composite sample: composed of discrete sample aliquots collected at constant time intervals providing representative samples irrespective of stream flow; or as a flow proportional composite sample: collected either as a constant sample volume at time intervals proportional to stream flow, or collected by increasing the volume of each aliquot as the flow increases while maintaining a constant time interval between the aliquots.
- F. Cooling Water -
1. Uncontaminated: Water used for cooling purposes only which has no direct contact with any raw material, intermediate, or final product and which does not contain a level of contaminants detectably higher than that of the intake water.
  2. Contaminated: Water used for cooling purposes only which may become contaminated either through the use of water treatment chemicals used for corrosion inhibitors or biocides, or by direct contact with process materials and/or wastewater.
- G. Grab Sample - An individual sample collected in less than 15 minutes, without regard for flow or time. This sample may be taken as a multi-part grab: composed of discrete grab sample(s) composited after collection and prior to analysis in the laboratory.
- H. Instantaneous Maximum - The maximum concentration of a pollutant allowed to be discharged at any time, determined from the analysis of any discrete or composited sample collected, independent of the industrial flow rate and the duration of the sampling event.
- I. Maximum Limit, Daily and/or Monthly - The maximum allowable discharge limit of a pollutant during any period of time unless specified otherwise. Where daily maximum limitations are expressed in units of mass allowable during a specified discharge period, the maximum limit is the total mass discharged during the period specified. Where maximum limitations are expressed in terms of

concentration, the maximum limit will be applicable at all times during any discharge.

- J. Monthly Average - The arithmetic mean of the values for effluent samples collected during a calendar month or specified 30 day period (as opposed to a rolling 30 day window).
- K. Pretreatment Year - As defined in the POTW permit, March 1, through February 28, of each year.
- L. Semi-annually - Each six month period of the pretreatment year. Specifically, June 1, through November 30; and December 1, through May 31.
- M. Semi-annual reports - Reports to be submitted by the permittee during each of the semi-annual periods identified above, specifically during June and December, unless the Control Authority has requested alternate months for submission in consideration of budget cycles, high or low flow rates, etc.
- N. Significant Noncompliance - As outlined in 40 CFR 403.8 (f)(2)(vii), if a violation, or a series of violations meets one or more of the criteria as stated.
- O. TOMP - Toxic Organic Management Plan
- P. TTO - Means total toxic organics, which is the summation of all quantifiable values greater than 0.01 mg/l for the listed toxic organics.

#### APPENDIX D - Specific Prohibitions

The following are the Specific Prohibitions, outlined in City of \_\_\_\_\_, Ordinance No. \_\_\_\_\_:

**I**





TRINITY RIVER AUTHORITY OF TEXAS  
 DENTON CREEK REGIONAL WASTEWATER SYSTEM  
 ADVISORY COMMITTEE MEETING

**AGENDA**  
**DENTON CREEK REGIONAL WASTEWATER SYSTEM**  
*Location – Denton Creek Regional Wastewater Treatment Plant*  
*1687 North Highway 377, Roanoke, Texas*  
*Thursday, August 14, 2008 at 2 p.m.*

I. Call to Order

II. Roll Call

<u>ENTITY</u>	<u>REPRESENTATIVE</u>	<u>PRESENT/ABSENT</u>
Argyle	Mr. Lyle Dresher	_____
Circle T MUD Nos. 1 & 3	Mr. Joseph Schneider	_____
Flower Mound	Mr. Harlan Jefferson	_____
Fort Worth	Mr. Frank Crumb	_____
Haslet	Mr. David Rogers	_____
Keller	Mr. Greg Dickens	_____
Northlake	Mr. Drew Corn	_____
Roanoke	Chairman Jimmy Stathatos	_____
Southlake	Mr. Robert Price	_____
Westlake	Mr. Thomas E. Brymer	_____

III. Introduction of Guests, Consultants and Authority Staff

IV. Action: Selection of Officers

V. Approval of Minutes of the February 7, 2008 Meeting

# Trinity River Authority of Texas



## AGENDA ITEM IV

Northern Region Office

**DATE:** August 11, 2008

**FILE:** 3828.102

**TO:** MEMBERS, Advisory Committee  
Denton Creek Regional Wastewater System

**RE:** Selection of Advisory Committee Officers

In November 1987, the Denton Creek Regional Wastewater System Advisory Committee adopted Bylaws that provide for the selection of Chairman, Vice Chairman, and Secretary. The Bylaws state that the officers shall serve in their elected positions for either two years from election date or until the officer is no longer a Contracting Party authorized representative.

In the August 24, 2006 meeting, the following officers were elected:

Chairman – Jimmy Stathatos, City of Roanoke  
Vice Chairman – Joseph Schneider, Circle T MUD Nos. 1 and 3  
Secretary – David Rogers, City of Haslet

In accordance with the Bylaws, the two-year term for the Denton Creek Advisory Committee officers will expire in August 2008. The Committee should take action at this time to either reelect the current officers or select new officers to these positions.

If you have any questions, please contact this office at (817) 493-5100.

A handwritten signature in black ink, appearing to read 'Warren N. Brewer', is written over a horizontal line.

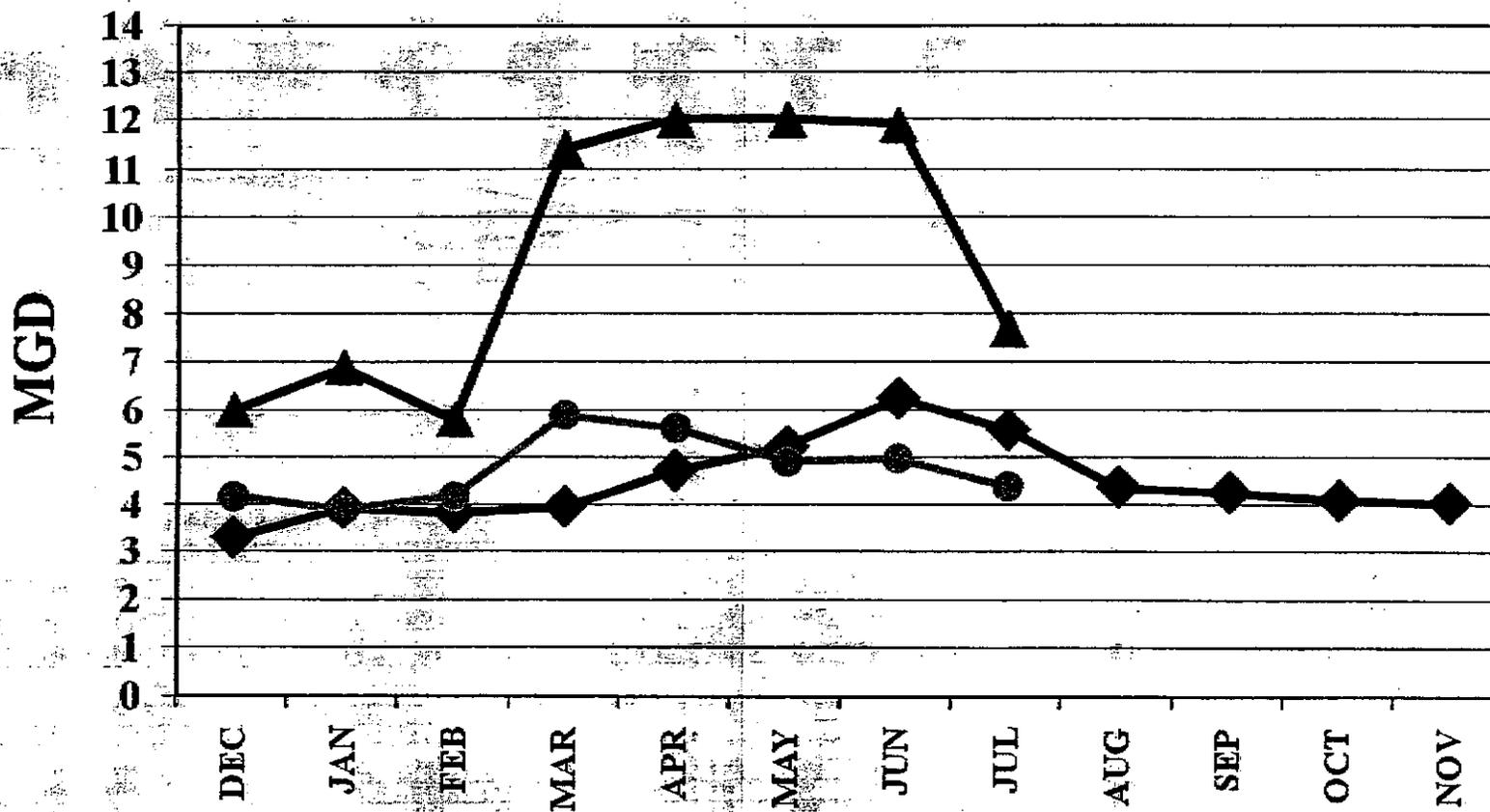
WARREN N. BREWER  
Regional Manager  
Northern Region

/cea

c: Danny F. Vance, General Manager  
Patricia M. Cleveland, Manager of Operations, Northern Region  
Bill R. Smith, Manager of Development, Northern Region  
John Bennett, Manager, DCRWS



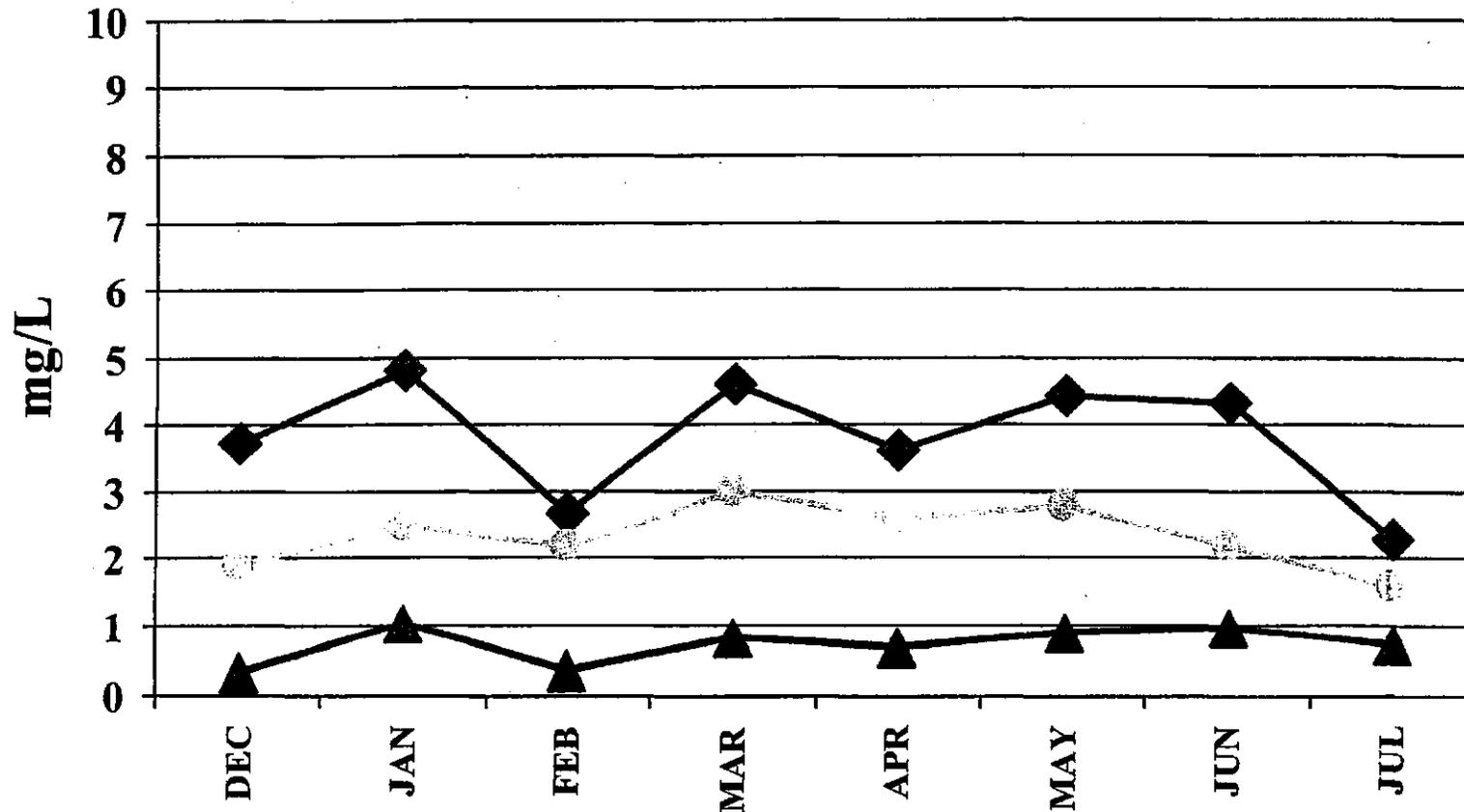
# DCRWS EFFLUENT AVERAGE DAILY FLOW



◆ FY 07 ● FY 08 ▲ FY 08 2 HR PEAK

# DCRWS EFFLUENT QUALITY

## December 2007 – July 2008



◆ TSS    ○ CBOD    ▲ NH3

### Permit Limits

TSS 15 mg/l    CBOD 7/10 mg/l    NH3 2/5

# HANDOUT AGENDA ITEM VI-D

## DENTON CREEK REGIONAL WASTEWATER SYSTEM PLANNING, DESIGN AND CONSTRUCTION PROJECTS STATUS

### PLANNING

In February 2008 the Advisory Committee was briefed on the need to issue bonds to fund engineering and land rights costs related to the alternate discharge pipeline and other project expenses. Bonds were approved in February 2008 for a par amount of \$4,645,000.

At that time, the Authority anticipated the need to issue bonds in late 2008 to fund the construction cost of the alternate discharge pipeline after completion of design, permitting, land rights acquisition, and opening bids for the project. Since design, land rights acquisition, and permitting have not been completed at this time, the Authority has determined that these bonds will not be needed before February 2009.

The Authority has been offered a loan from the FY 2008 Texas Water Development Board State Revolving Fund in the amount of \$27,225,000. Based upon estimates at this time, the Authority anticipates that a loan in the par amount of \$17,630,000 will be needed to fund the construction costs of the alternate discharge pipeline and other project expenses.

In order to be considered for rating and inclusion in the FY2009 Clean Water SRF Intended Use Plan, the Authority submitted the required information in January 2008. The information that was submitted included funding for the construction of Henrietta Creek Relief Interceptor (HC-1). The loan amount requested is for a par amount not to exceed \$23,760,000.

### DESIGN

**Name:** Design 11.5 MGD Expansion (completed) and Alternate Effluent Discharge Pipeline, Upgrading Plant to 6.0 MGD, and Other Improvements  
**Location:** DC Plant Site and areas north of Plant along old Hwy 377 and Dunham Road  
**Type:** Plant, Pipeline, and Other Improvements  
**Status:** ESA initiated - Feb. 2007  
Permitting is in progress - verbal approval for upgrading to 6.0 MGD  
Land and Easements documents are complete and land acquisition underway  
Plant Design is complete- 11.5 MGD plant expansion awarded in April 2008  
Alternate Discharge is - 80% complete  
Alternate Discharge design anticipated to be completed by late 2008

**Name:** Cade Branch, Segments CB-1 and CB-2  
**Location:** City of Roanoke, southward along Hwy 377 from plant to Hwy 170  
**Type:** Prepare a PDR for approximately 16,900 - linear feet of 15" to 18" diameter pipeline and three meter stations



**HANDOUT AGENDA ITEM VII**

**DATE:** August 14, 2008

**FILE:** 3828.102/3828.800

**TO:** MEMBER, ADVISORY COMMITTEE  
DENTON CREEK REGIONAL WASTEWATER SYSTEM

**RE:** Denton Creek Regional Wastewater System  
Proposed FY 2009 Budget

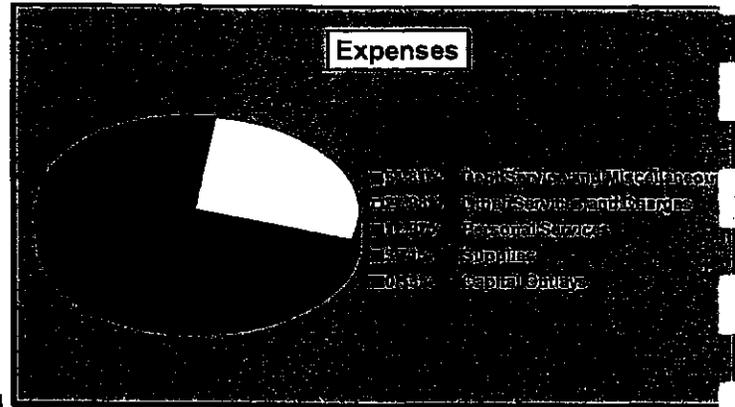
Authority management annually prepares a proposed budget of anticipated expenses and required revenues for the Denton Creek Regional Wastewater System in accordance with the fiscal provisions of our Wastewater Services Contract for the ensuing fiscal year. We are pleased to present to you the proposed FY 2009 Budget for the annual operating funds of the Denton Creek System. This budget is relevant to the time period for December 1, 2008 through November 30, 2009.

This budget reflects the proposed financial activities of operating and debit service funds, provides for our continuing ability to deliver high quality, efficient wastewater service to our Contracting Parties, and will continue to position the Denton Creek System for increased growth, regulatory changes and maximized internal operational productivity measures to result in cost-efficient wastewater treatment. The Authority will continue to ensure the security and integrity of our Denton Creek System and the reliability of our services. Therefore, the budget reflects the Authority's continued commitment to protect capital investments, keep operational expenses to a minimum and to maximize the process of increasing operational efficiency throughout the Authority. A brief overview of Denton Creek's financial picture for FY 2009 will reveal an increase in overall System expenditures, with only those increases in operating accounts required to meet contractual obligations for our treatment of wastewater, as compared to FY 2008 projected requirements. The operation and maintenance expenditures were developed based on transporting and treating an average daily flow of 4.881 MGD, inclusive of actual predicted flows from Fort Worth, Haslet, Keller, Northlake, Roanoke, Southlake, and Westlake, plus contract minimums for Argyle, Circle T Municipal Utility Districts No. 1 and No. 3, and Flower Mound. The scheduled debt service requirements are based on principal and interest payments due on outstanding Denton Creek Regional System Revenue Bonds.

The anticipated expenditures in FY 2009 total \$5,445,740, an approximate 26.1% increase above the fiscal \$4,318,480 predicted for the current year. The projected costs for salaries and related benefits, health/life insurance, pensions, employee recognition, office supplies, fees, maintenance and operating supplies, process chemicals, fuel, instrument supplies and software licenses, audit,

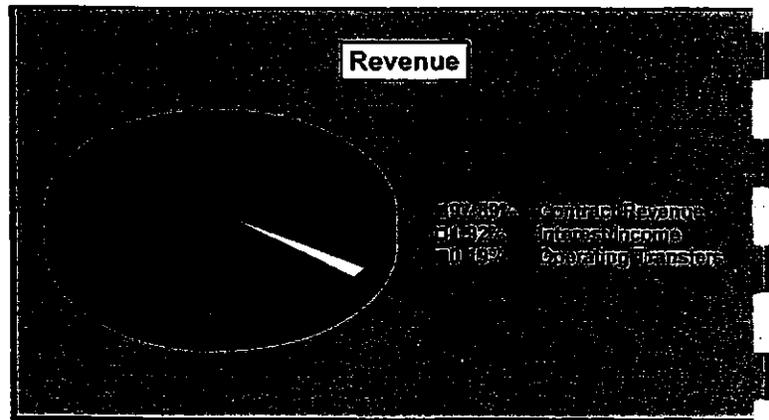


engineering services, legal, outside services, telephone, printing, insurance, employee travel, uniforms, power usage, repair and maintenance of equipment, plant and electrical systems, offsite biosolids disposal, rental, interfund services and administrative overhead expenses essential to delivering services during the year, have increased \$492,880, along with an increase of \$660,340 over the current fiscal year in programmed debt service. Approximately 57% of this anticipated increase in operating



expenses is directly related to process chemicals, fuel, power usage and biosolids disposal unit price increases to meet the projected higher treatment demands. Also, these increases are due to impacts from escalated costs of fuel and petroleum based products. The increases in the proposed FY 2009 Budget for operating accounts is partly offset by a \$25,960 reduction in laboratory supplies, information technology support, and capital outlays due to program modifications and process improvements and, as in previous year's efforts, by holding the line on controllable costs. Authority management continues our commitment of aggressive decisions to improve the effectiveness of our business services that result in greater operational efficiencies, as close scrutiny was given to all anticipated and discretionary expenditures, resulting in an overall increase of \$1,127,260 for FY 2009 expenditures above the FY 2008 Budget. As is shown in the table on Page 3, the predicted gross unit cost/1,000 gallons is \$0.498 higher than last year's projections for the coming FY 2009 and is \$0.017 lower than the adopted FY 2008 Budget gross unit costs.

Anticipated FY 2009 revenues from the System's Contracting Parties, totaling \$5,041,250, reflects a 19.6% increase above the FY 2008 projected revenue requirement of \$4,215,450. System revenue requirements are allocated to the cities on the basis of city predicted flow contribution or contract minimum flow, whichever is greater. The predicted FY 2009 flow contribution of 4.881 MGD is 1.08 MGD, or 26%, more than was predicted for the current FY 2008 flow contribution.



It is important to emphasize that the Contracting Parties' overall predicted FY 2009 wastewater flow contribution of 4.881 MGD is 0.379 MGD or 7.2% less than forecast for FY 2009 one year ago. For comparison, if the anticipated flow contribution of 4.881 MGD had been used to calculate the forecasted FY 2009 unit cost that was provided in the budget presentation last year, the projected FY 2009 gross cost would have been \$2.767 instead of \$2.568/1,000 gallons.

The resulting predicted gross and net unit costs of service for wastewater transportation and treatment through FY 2009 are 0.5% and 5.7% respectively below the predicted FY 2008 Budgeted unit costs as reflected in the table on Page 3.

Unit	Cost/1,000 gallons		
	Predicted FY-2009	Budgeted FY-2008	Last Year's Projections For FY-2009
Gross (based on total expenses)	\$3.057	\$3.074	\$2.568
Net (cost to Contracting Parties)	\$2.830	\$3.001	\$2.517

The following exhibits are presented to provide flow allocations, a summary of budget objectives and detailed information about the five major budget categories, as well as additional quantitative and statistical information for your review:

- Exhibit A - Flow Allocations
- Exhibit B - Budget Objectives
- Exhibit C - Budget at a Glance
- Exhibit D - Personal Services
- Exhibit E - Supplies
- Exhibit F - Other Services and Charges
- Exhibit G - Capital Outlays
- Exhibit H - Debt Service and Miscellaneous
- Exhibit I - Historical System Data
- Exhibit J - Projected Future Costs of Service
- Exhibit K - Proposed FY 2009 Budget

The proposed FY 2009 Budget (Exhibit K) is presented for your review and consideration and will be discussed in the August 14, 2008 Advisory Committee meeting. A subsequent Advisory Committee meeting is scheduled for September 11, 2008 at which time the committee will be requested to recommend the proposed FY 2009 Budget for adoption by the Authority's Board of Directors.

If there are any questions concerning the proposed Budget, please contact the Northern Region office.



PATRICIA M. CLEVELAND  
 Manager of Operations  
 Northern Region

PMC/trr

Attachments

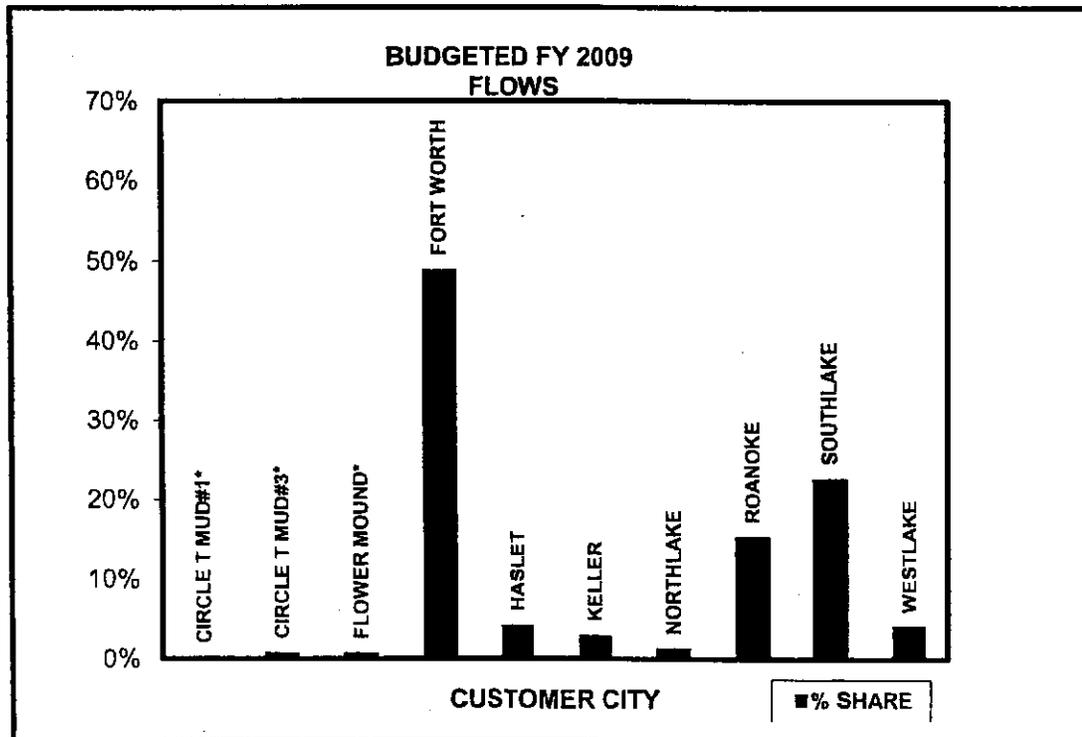
- c: Danny F. Vance, General Manager
- Warren N. Brewer, Regional Manager, Northern Region
- John Bennett, Project Manager, Denton Creek Regional Wastewater System

**EXHIBIT A  
DENTON CREEK REGIONAL WASTEWATER SYSTEM  
FY 2009 FLOW ALLOCATIONS**

7/25/2008

CITY	FY 2008 FLOW (MGD)	FY 2008 % ALLOCATION	FY 2009 FLOW (MGD)	FY 2009 % ALLOCATION
ARGYLE	0.000	0.000%	0.000	0.000%
CIRCLE T MUD#1*	0.001	0.026%	0.001	0.020%
CIRCLE T MUD#3*	0.030	0.774%	0.030	0.615%
FLOWER MOUND*	0.030	0.774%	0.030	0.615%
FORT WORTH	1.850	47.767%	2.380	48.760%
HASLET	0.180	4.648%	0.200	4.098%
KELLER	0.110	2.840%	0.135	2.766%
NORTHLAKE	0.045	1.162%	0.060	1.229%
ROANOKE	0.705	19.107%	0.745	15.263%
SOUTHLAKE	0.750	19.365%	1.100	22.536%
WESTLAKE	0.137	3.537%	0.200	4.098%
<b>TOTAL FOR ALL PARTIES</b>	<b>3.838</b>	<b>100.000%</b>	<b>4.881</b>	<b>100.000%</b>

\*CONTRACT MINIMUM FOR THE BUDGET YEAR



**EXHIBIT B**  
**DENTON CREEK WASTEWATER SYSTEM**  
**FY 2009**

**DESCRIPTION OF THE PROJECT**

The Trinity River Authority's Denton Creek Regional Wastewater System was placed into service in 1988 and provides regional wastewater service to an area of approximately 68 square miles, lying immediately west of Grapevine Lake, in Denton and Tarrant Counties. The Denton Creek treatment plant is located on Cade Branch of Denton Creek, which enters the western end of Grapevine Lake. The plant is north of the City of Roanoke, approximately 1.6 miles north of the Highway 114 and Highway 377 intersection on a plant site of approximately 48 acres. The treatment plant is a conventional activated sludge, single stage nitrification process preceded by preliminary treatment and followed by filtration and ultraviolet (UV) disinfection. A 3 million-gallon detention basin was constructed to detain and treat the waste flow from activities at the nearby Texas Motor Speedway racetrack as a sequencing batch reactor. Waste solids from both the conventional treatment system and the detention basin are dewatered through a centrifuge unit and disposed off-site in a municipal landfill. Expansion activities of the Project to meet demands of 5.0 MGD were completed in February 2005. A peak storage basin was completed in June 2008 and with operational changes for biological treatment using the existing detention basin, the plant has been rerated at 6.0 mgd.

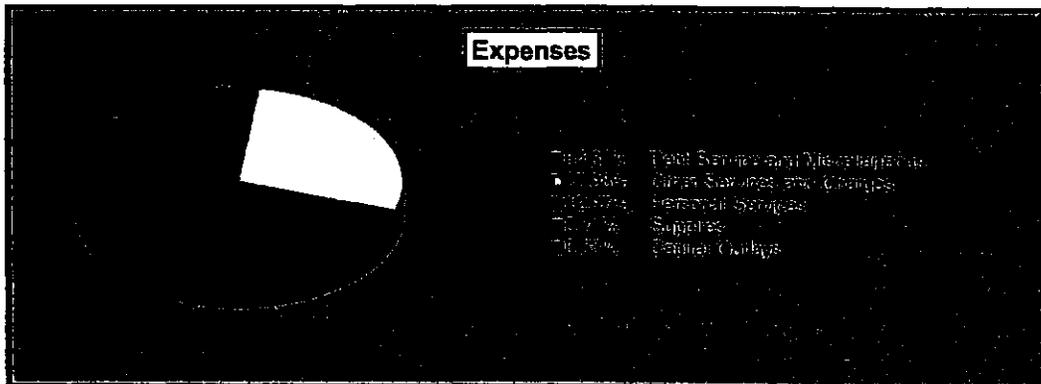
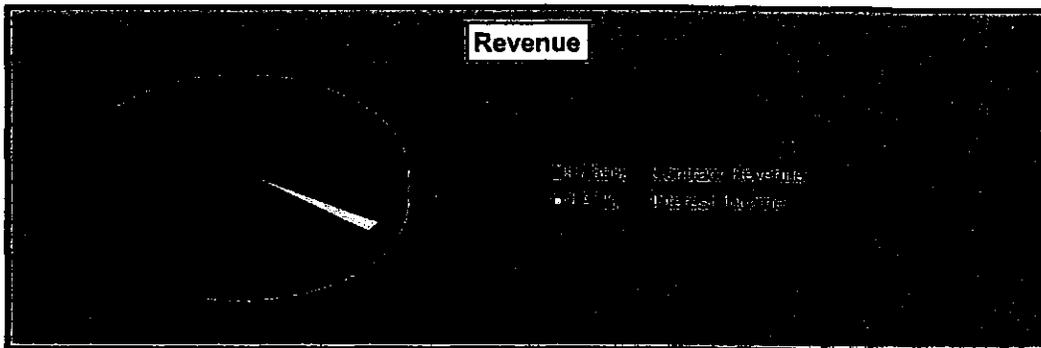
**GOALS AND OBJECTIVES FOR FY 2009**

The Authority's objectives are reflected in the recommended FY 2009 Annual Operating Budget for Denton Creek Regional Wastewater System. The major goals and objectives are:

- Operate and adequately protect the Denton Creek System's capital investments by proper maintenance, which presently includes a 5.0 MGD treatment plant, over 27 miles of interceptors, two lift stations, 14 metering stations, and a laboratory.
- Provide wastewater transportation and treatment services for a projected flow contribution of 4.881 MGD for the eleven System Contracting Parties.
- Continue operating at efficient levels and minimize unit costs where feasible while discharging the highest quality effluent and meeting all TPDES permit regulatory requirements.
- Complete the construction activities under the Bond Funding for the treatment plant expansion to 11.5 MGD.
- Complete the design of alternative effluent discharge outfall to White's Branch and continue the DO variance study for the Denton Creek Arm of Grapevine Lake.
- Continue Authority efforts to reduce overall wet-weather flow and high strength influent waste impacts to the System.
- Continue assistance to Contracting Parties in coordinating service extensions.
- Evaluate improvements of plant electrical power usage for efficient and cost effective plant operations.
- Respond in a timely fashion to Customer Cities' requests for assistance.

**EXHIBIT C**  
**FISCAL YEAR 2009 BUDGET AT A GLANCE**  
**DENTON CREEK REGIONAL WASTEWATER SYSTEM**  
**PROPOSED OPERATION AND MAINTENANCE BUDGET**

<b>Revenue</b>	\$5,149,910
<b>Expenses</b>	<u>\$5,445,740</u>
<b>Variance (Reduction in FY 2010 Debt Requirements)</b>	<u><u>(\$295,830)</u></u>



**FISCAL YEAR 2009**  
**FUND SUMMARY**

<b>Revenue Summary</b>	
Contract Revenue	\$5,041,250
Interest and Miscellaneous Income	\$98,890
Operating Transfers	\$9,770
<b>Total Sources of Funds</b>	<b>\$5,149,910</b>

<b>Expenditure Summary</b>	
Personal Services	\$706,160
Supplies	\$202,140
Other Services and Charges	\$1,523,860
Capital Outlays	\$28,680
Debt Service and Miscellaneous	<u>\$2,984,900</u>
<b>Total Application of Funds</b>	<b>\$5,445,740</b>

**EXHIBIT D  
DENTON CREEK REGIONAL WASTEWATER SYSTEM  
PERSONAL SERVICES  
FISCAL YEAR 2009**

Proposed FY 2009           \$706,160  
vs FY 2008               \$605,200  
Variance    16.68%    \$100,960 increase

The budget category of Personal Services includes seven line item accounts. As compared with present budget, two line items account remained unchanged (o), and five increased (+) \$100,960.

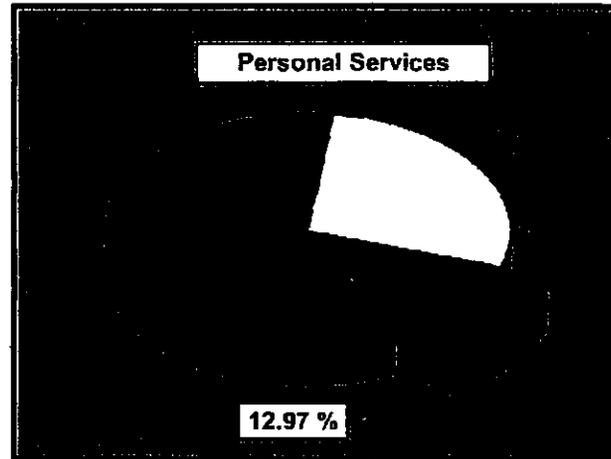
- (+) Salaries
- (+) Payroll Taxes
- (+) Health/Life Insurance
- (+) Pension
- (o) Unemployment Compensation
- (+) Employee Recognition
- (o) Education

The anticipated increase in salaries and related benefit costs is partly due to usual provisions for forecast salary adjustments based on merit, varying with each individual employee.

A 15% provision is included for cost increases in the Authority's Disability Insurance expenses, 10% less than we forecast for FY 2008 due to claims experience that has resulted in premium decreases.

Provisions have been included for two additional operators and one additional mechanic to be added to the Denton Creek staff at mid-year to effectively address increased workloads, equipment monitoring and facility maintenance associated with additional treatment units with the 11.5 MGD expansion. Start-up is anticipated in late FY 2009.

Authority management believes that the Denton Creek facility can be operated efficiently and maintain adequate margins of safety with one Project Manager, an Operations/Maintenance staff of twelve and Administrative staff of one.



Personal Services expenditures include those costs associated with the staffing required to operate, maintain, and administer the treatment plant, biosolids program, laboratory, pretreatment program, collection system, and meter stations. Significant line item accounts in this category of expenditures include salaries, payroll taxes, health insurance, and pension.

**EXHIBIT E  
DENTON CREEK REGIONAL WASTEWATER SYSTEM  
SUPPLIES  
FISCAL YEAR 2009**

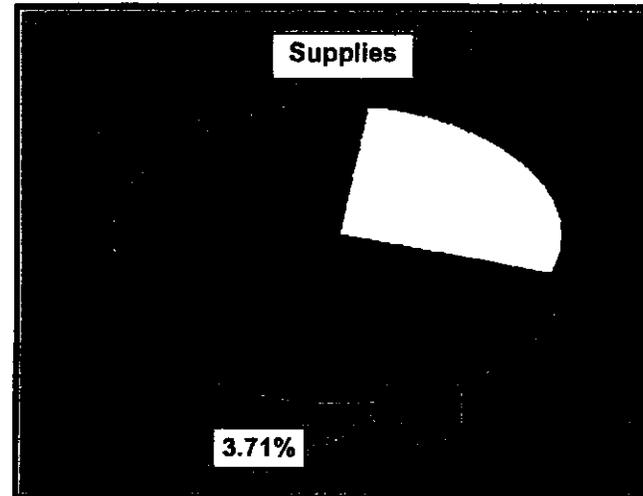
Proposed FY 2009	\$202,140
vs FY 2008	\$162,590
Variance	24.32% \$39,550 increase

The budget category of Supplies includes eight line items accounts. As compared with the present budget, one remained unchanged (o), one decreased (-) \$3,860, and the remaining six line items increased (+) \$43,410.

- (+) Office Supplies
- (o) Dues and Subscriptions
- (+) Fees Other Than Dues and Subscriptions
- (+) Maintenance and Operating Supplies
- (-) Lab Supplies
- (+) Process Chemicals and Supplies
- (+) Fuel, Oil and Lubricants
- (+) Instrument Supplies and Software Licenses

Approximately 77% of the increase in this category of expenses is for purchase of process chemical supplies due to anticipated quantity needs and significant unit price increases.

It is assumed that present high gasoline and diesel prices will remain at the same level in FY 2009.



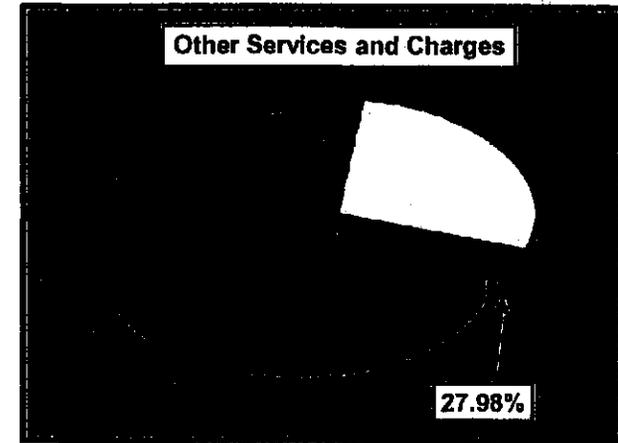
Supplies expenditures consist primarily of consumables and fees utilized in the operation and maintenance of the Project and includes office supplies, lab supplies, process chemicals, maintenance and operation supplies, fuel, and computer/instrument supplies.

**EXHIBIT F  
DENTON CREEK REGIONAL WASTEWATER SYSTEM  
OTHER SERVICES AND CHARGES  
FISCAL YEAR 2009**

Proposed FY 2009      \$1,523,860  
vs FY 2008            \$1,177,870  
Variance 29.37%      \$345,990 increase

The budget category of Other Services and Charges includes 24 line item accounts. As compared with the present budget, six have remained unchanged (o), one line item account decreased (-) \$2,520, and sixteen increased (+) \$348,510. One new line item account, R&M - Electrical, was added in FY 2009.

- |                                    |                                  |
|------------------------------------|----------------------------------|
| (+) Auditing                       | (o) Training                     |
| (+) Engineering                    | (o) Utilities                    |
| (+) Legal                          | (+) Power                        |
| (+) Outside Services               | (o) R & M - Collection System    |
| (o) Other Professional Services    | (+) R & M - Equipment            |
| (-) Info Technology Support Svcs   | (+) R & M - Plant & Buildings    |
| (+) Telephone and Telemetry        | (o) R & M - Vehicles             |
| (o) Postage                        | new R & M - Electrical           |
| (+) Printing and Binding           | (+) Off-site Biosolids Disposal  |
| (+) Insurance Payments             | (+) Rent - Machinery & Equipment |
| (+) Travel                         | (+) Inter-Fund Services          |
| (+) Laundry, Uniform, & Ind. Equip | (+) Administrative Overhead      |

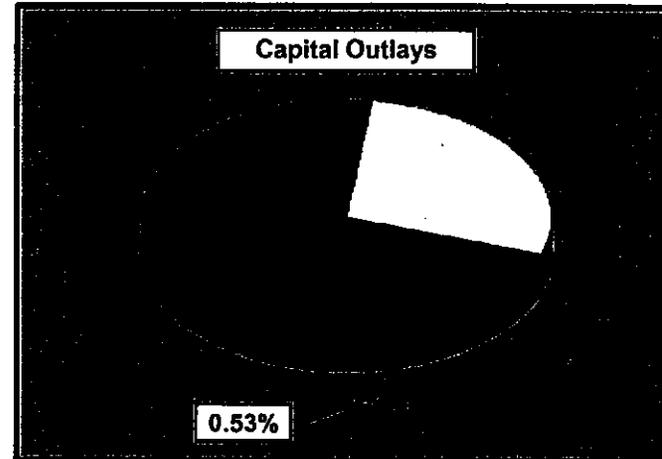


This category of expenditures relates to the indirect costs associated with the collection and treatment system, vehicles and off-site biosolids disposal.

Over 60% or \$915,190 of the expenditures in this category is for power usage and biosolids disposal. The two line accounts increased \$239,310 or approximately 72% of the total increase in this category of expenditures. This increase is mainly due to higher anticipated power requirements for transportation, treatment and disposal of predicted FY 2009 System flows, which includes the new sludge dewatering facility which began operation in FY 2008. Also, the Denton Creek System's new biosolids disposal contract reflects a significantly higher unit price due to increases in fuel for transportation and landfill fee costs.

**EXHIBIT G  
DENTON CREEK REGIONAL WASTEWATER SYSTEM  
CAPITAL OUTLAYS  
FISCAL YEAR 2009**

- Proposed FY 2009           \$28,680  
   vs FY 2008           \$48,260  
                             (\$19,580) decrease
  
- The Capital Outlays category can vary significantly from year to year as major equipment is only purchased on an annual as needed basis.
  
- Proposed replacement capital cost is associated with the replacement of one full-size truck due to excessive mileage and repairs.
  
- Under the category of proposed new capital items, purchase is requested for one utility vehicle to facilitate transportation of employees and equipment within the treatment plant area.

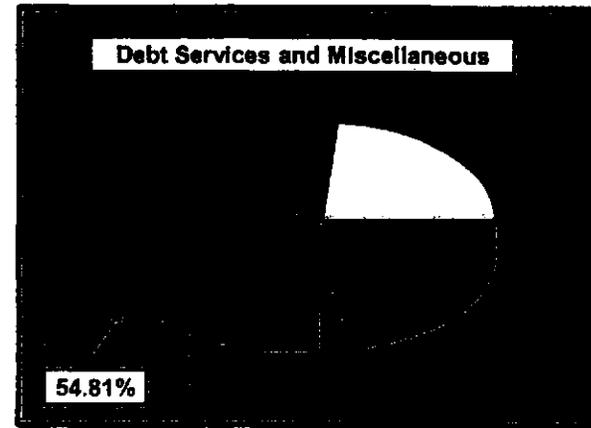


The category of Capital Outlays consists of the purchase of machinery and equipment to achieve a new purpose or replace existing equipment.

**EXHIBIT H  
DENTON CREEK REGIONAL WASTEWATER SYSTEM  
DEBT SERVICES AND MISCELLANEOUS  
FISCAL YEAR 2009**

Proposed FY 2009	\$2,984,900
vs FY 2008	\$2,324,560
Variance	28.41% \$660,340 increase

- The amount budgeted for Debt Service reflects the fixed and established schedules based on outstanding debt of the Denton Creek Regional Wastewater System.
- In June 2006, the Authority issued \$7.395 million in Revenue Improvement and Refunding Bonds, for design of the plant expansion plus design and construction of a new solids dewatering system to more effectively deal with sludge disposal. No principal payment is due in FY 2008, but \$183,231 interest will be paid in February 2009 and the same amount in August 2009.
- In August 2007, the Authority issued \$47.595 million in Revenue Improvement and Refunding Bonds, for construction of the plant expansion. \$5,000 in principal is due in 2009 but no interest payments.
- In February 2008, the Authority issued \$4.645 million in Revenue Improvement and Refunding Bonds, for acquisition of land rights required for pipeline improvements. No principal is due in FY 2009 but an interest payment of \$112,081 will be paid in August 2009.
- A schedule of all bond principals and interest payments is listed on page 16 of the FY 2009 Budget.



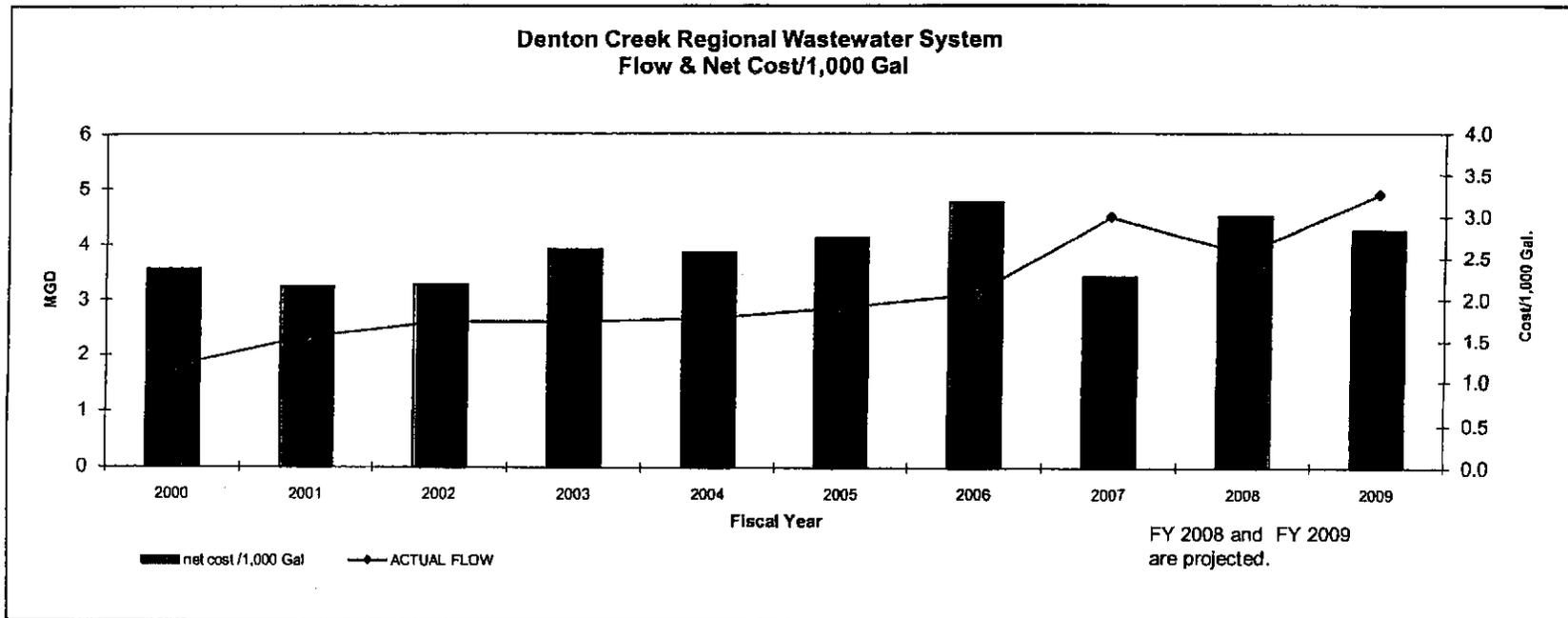
Debt Services and Miscellaneous includes the annual principal and interest payments due on the System bonds and the associated paying agent fees. Typically, annual principal and interest payments are structured to provide relatively level debt service requirements from year to year until such time as additional bonds are issued.

**EXHIBIT I**  
**DENTON CREEK REGIONAL WASTEWATER SYSTEM**  
**CURRENT AND HISTORICAL SYSTEM FINANCIAL AND FLOW DATA**

7/24/2008

FISCAL YEAR	BUDGETED EXPENDITURES	ACTUAL EXPENDITURES	BUDGETED REVENUES	ACTUAL REVENUES	BUDGETED FLOWS	ACTUAL FLOWS	NET COST/1,000 GAL	ACTUAL NET COST/1,000 GAL
2000	\$1,715,295	\$1,724,171	\$1,621,505	\$1,547,533	1.919 MGD	1.790 MGD	\$2.309	\$2.362
2001	\$1,752,130	\$1,908,431	\$1,689,680	\$1,844,933	2.472 MGD	2.345 MGD	\$1.873	\$2.155
2002	\$2,197,200	\$2,194,189	\$2,117,420	\$2,076,061	2.577MGD	2.610 MGD	\$2.251	\$2.179
2003	\$2,363,360	\$2,382,708	\$2,321,550	\$2,468,371	2.620 MGD	2.601 MGD	\$2.428	\$2.600
2004	\$2,625,300	\$2,586,997	\$2,577,940	\$2,504,205	2.862 MGD	2.664 MGD	\$2.461	\$2.568
2005	\$2,734,010	\$2,656,025	\$2,984,590	\$2,860,245	2.781 MGD	2.857 MGD	\$2.940	\$2.743
2006	\$3,262,070	\$3,345,787	\$3,293,480	\$3,296,986	2.981MGD	3.096 MGD	\$3.027	\$2.918
2007	\$3,556,560	\$3,743,159	\$3,660,270	\$3,730,713	3.303 MGD	4.483 MGD	\$3.077	\$2.280
2008	\$4,318,480	*	\$4,215,450	*	3.838 MGD	*	\$3.001	*
2009	\$5,445,740	*	\$5,041,250	*	4.881 MGD	*	\$2.830	*

\* Unknown at this time



**EXHIBIT J**  
**DENTON CREEK REGIONAL WASTEWATER SYSTEM**  
**PROJECTED FUTURE COST OF SERVICE**

8/13/2008

FISCAL YEAR ENDING 12/31	PROJECTED FLOW (MGD)	GROSS COST PER 1,000/GAL	NET COST PER 1,000/GAL
2009	4.881	\$3.057	\$2.830
2010	5.750	\$2.993	\$2.933
2011	6.200	\$3.486	\$3.416
2012	6.660	\$4.068	\$3.987
2013	7.320	\$3.993	\$3.913
2014	7.720	\$4.104	\$4.022

**NOTES:**

- (1) Projected Gross Cost has been adjusted for estimated accruals. Projected Net Cost is estimated at 98% of Gross Cost based on historical non-contract revenue
- 2) Projections include 2006 Bonds in the actual amount of \$7.395 M, 2007 Bonds in the actual amount of \$47.595 M for plant expansion to 11.5 MGD and collection system improvements, 2008 Bonds in the amount of \$4.645 M for Land Rights and planning studies, anticipated February 2009 Bonds in the estimated amount of amount of \$17.63 M for the Alternate Discharge Pipeline and projected August 2009A Bonds in the estimated amount of \$23.76 M for collection system improvements.
- 3) Unit cost computations for FY 2010 - FY 2014 do not include impacts for additional Bond Sales after 2009.
- 4) The FY 2009 Projected Flows are based on City projections.
- 5) FY 2009-2014 Projected Flows are based on Black & Veatch 2005 Phase II System Flow Report and historical trends.

**TRINITY RIVER AUTHORITY OF TEXAS  
PROPOSED O&M BUDGET - FISCAL YEAR 2009  
DENTON CREEK REGIONAL WASTEWATER SYSTEM  
ENTERPRISE FUND**

**DESCRIPTION OF THE PROJECT**

The Denton Creek Regional Wastewater System provides wastewater transportation and treatment service for the Cities of Fort Worth, Haslet, Keller, Roanoke, Southlake, Northlake, Flower Mound, Westlake, and Argyle, as well as the Circle T Municipal utility Districts #1 and #3. The estimated average daily wastewater flow is shown below.

<u>City</u>	<u>2009</u>		<u>2008</u>	
	<u>Percent</u>	<u>Amount MGD</u>	<u>Percent Contribution</u>	<u>Amount MGD</u>
Argyle **	0.000%	0.000	0.000%	0.000
Circle T Mud #1	0.020%	0.001 *	0.026%	0.001 *
Circle T Mud #3	0.615%	0.030 *	0.774%	0.030 *
Town of Flower Mound	0.615%	0.030 *	0.774%	0.030 *
Fort Worth	48.760%	2.380	47.767%	1.850
Haslet	4.098%	0.200	4.648%	0.180
Keller	2.766%	0.135	2.840%	0.110
Northlake	1.229%	0.060	1.162%	0.045
Roanoke	15.263%	0.745	19.107%	0.740
Southlake	22.536%	1.100	19.365%	0.750
Town of Westlake	<u>4.098%</u>	<u>0.200</u>	<u>3.537%</u>	<u>0.137</u>
<b>Total System Flow</b>	<b><u>100.000%</u></b>	<b><u>4.881</u></b>	<b><u>100.000%</u></b>	<b><u>3.873</u></b>

\*\* New Contracting Party- no contract minimum flow

\* Contract Minimum

**WORK PROGRAM****Administration**

The System is managed by a Project Manager who is responsible for all aspects of the facilities. The staffing of the System is divided into three areas of responsibility, which are carried out under the direction of the Project Manager, as follows:

**Operations and Maintenance** - This area consists of one (1) Chief Operator, one (1) Senior Operator, seven (7) Operators, one (1) Senior Maintenance Mechanic, one (1) Maintenance Mechanic and one (1) Electronic Technician who are responsible for the operation and maintenance of System facilities.

**Laboratory Services** - Under the direction of the Project Manager all biological and chemical testing required by the regulatory agencies and for process control are achieved through operations and outside services.

**Administration Functions** - The Project Manager, with assistance of one (1) Secretary/Bookkeeper is responsible for the administration, record keeping and all other administrative functions of the Project.

**TRINITY RIVER AUTHORITY OF TEXAS**  
**PROPOSED O&M BUDGET - FISCAL YEAR 2009**  
**DENTON CREEK REGIONAL WASTEWATER SYSTEM**  
**TOTAL FUND SUMMARY**

**FUNDS AVAILABLE**

Projected December 1, 2008 \$ 1,403,010

**ESTIMATED SOURCES OF FUNDS**

Contract Revenue	\$	5,041,250	
Operating Transfers		9,770	
Interest and Miscellaneous Income		98,890	5,149,910

**TOTAL FUNDS AVAILABLE** \$ 6,552,920

**ESTIMATED APPLICATION OF FUNDS**

**Appropriation Expenditures:**

Personal Services	\$	706,160	
Supplies		202,140	
Other Services and Charges		1,523,860	
Capital Outlays		28,680	
Debt Service and Miscellaneous		2,984,900	\$ 5,445,740

**TOTAL FUNDS APPLIED** \$ 5,445,740

**FUNDS AVAILABLE**

Projected November 30, 2009 \$ 1,107,180

**TRINITY RIVER AUTHORITY OF TEXAS  
PROPOSED O&M BUDGET - FISCAL YEAR 2009  
DENTON CREEK REGIONAL WASTEWATER SYSTEM  
REVENUE SUMMARY**

<u>DESCRIPTION OF REVENUE</u>	<u>PROPOSED 2009 BUDGET</u>	<u>CURRENT 2008 BUDGET</u>	<u>2007 ACTUAL</u>
<b><u>CONTRACT AND OPERATING OVERHEAD REVENUE</u></b>			
(301) Contract Revenue - Argyle	\$ -	\$ -	\$ -
(301) Contract Revenue - Circle T MUD #1	1,010	1,180	848
(301) Contract Revenue - Circle T MUD #3	31,000	35,660	25,776
(301) Contract Revenue - Flower Mound	31,000	35,660	25,776
(301) Contract Revenue - Fort Worth	2,458,130	1,901,010	2,045,876
(301) Contract Revenue - Haslet	206,590	166,340	164,865
(301) Contract Revenue - Keller	139,440	130,680	94,511
(301) Contract Revenue - Northlake	61,960	53,450	26,066
(301) Contract Revenue - Roanoke	769,440	837,610	626,555
(301) Contract Revenue - Southlake	1,136,090	891,100	696,908
(301) Contract Revenue - Westlake	206,590	162,760	133,965
<b>TOTAL CONTRACT AND OPERATING OVERHEAD REVENUE</b>	<u>5,041,250</u>	<u>4,215,450</u>	<u>3,841,146</u>
<b><u>OPERATING TRANSFERS</u></b>			
(372) Operating Transfers	<u>9,770</u>	<u>8,400</u>	<u>9,127</u>
<b>TOTAL OPERATING TRANSFERS</b>	<u>9,770</u>	<u>8,400</u>	<u>9,127</u>
<b><u>INTEREST AND MISCELLANEOUS INCOME</u></b>			
(380) Interest Income - Reserve Fund	41,140	41,140	82,273
(380) Interest Income - Revenue Fund	<u>57,750</u>	<u>29,830</u>	<u>115,506</u>
<b>TOTAL INTEREST AND MISCELLANEOUS INCOME</b>	<u>98,890.00</u>	<u>70,970</u>	<u>197,779</u>
<b>GRAND TOTAL</b>	<u>\$ 5,149,910</u>	<u>\$ 4,294,820</u>	<u>\$ 4,048,052</u>

**TRINITY RIVER AUTHORITY OF TEXAS  
PROPOSED O&M BUDGET - FISCAL YEAR 2009  
DENTON CREEK REGIONAL WASTEWATER SYSTEM  
EXPENDITURE SUMMARY**

<u>DESCRIPTION OF EXPENDITURE</u>	<u>PROPOSED 2009 BUDGET</u>	<u>CURRENT 2008 BUDGET</u>	<u>2007 ACTUAL</u>
<b><u>PERSONAL SERVICES</u></b>			
(400) Salaries - Regular	\$ 517,000	\$ 437,980	\$ 349,724
(402) Payroll Taxes - Fica	39,550	33,510	26,528
(403) Emp. Ben - Health/Life Ins.	85,960	79,100	55,756
(404) Employee Benefit - Pension	55,420	47,500	32,325
(406) Unemployment Compensation	1,720	1,720	-
(407) Emp. Recognition Program	2,550	1,430	473
(408) Employee Benefit - Education	3,960	3,960	-
<b>TOTAL PERSONAL SERVICES</b>	<u>706,160</u>	<u>605,200</u>	<u>464,806</u>
<b><u>SUPPLIES</u></b>			
(410) Office Supplies	4,130	2,470	3,870
(411) Dues and Subscriptions	3,060	3,060	3,203
(412) Fees Other Than Dues and Subscriptions	21,620	21,330	28,224
(413) Maintenance and Operating Supplies	20,950	19,900	3,661
(414) Lab Supplies	13,340	17,200	15,225
(415) Process Chemicals and Supplies	109,020	75,590	67,030
(416) Fuel, Oil, & Lubricants	20,320	14,540	11,674
(417) Computer Software, Lic. & Instr. Supplies	9,700	8,500	5,960
<b>TOTAL SUPPLIES</b>	<u>202,140</u>	<u>162,590</u>	<u>138,847</u>
<b><u>OTHER SERVICES AND CHARGES</u></b>			
(420) Auditing	31,500	30,000	30,000
(421) Engineering	64,000	63,920	32,143
(422) Legal	3,000	2,000	2,444
(423) Outside Services	31,100	26,760	40,241
(424) Other Professional Services	330	330	123
(427) Information Technology Support Services	27,000	29,520	12,330
(430) Telephone and Telemetry	15,150	14,590	13,154
(431) Postage	590	590	560
(432) Printing and Binding	460	400	469
(433) Insurance Payments	19,190	15,180	15,680
(436) Travel	3,090	2,700	2,330
(437) Laundry, Uniform, & Ind. Equip	4,210	3,840	2,571
(438) Training	5,250	5,250	2,769
(440) Utilities	1,530	1,530	733
(442) Power	640,010	543,330	496,708
(443) R & M - Collection System	21,030	21,030	24,469
(444) R & M - Equipment	13,800	11,050	20,377
(445) R & M - Plant & Buildings	64,000	52,250	60,352
(446) R & M - Vehicles	3,450	3,450	1,946
(448) R & M - Electrical	42,400	-	-
(449) Off-Site Sludge Disposal	275,180	132,550	181,816
(451) Rent - Machinery & Equip.	17,540	11,060	24,984
(464) Inter-Fund Services & Charges	81,240	65,740	78,315
(466) Administrative Overhead	158,810	140,800	112,200
<b>TOTAL OTHER SERVICES AND CHARGES</b>	<u>\$ 1,523,860</u>	<u>\$ 1,177,870</u>	<u>\$ 1,156,714</u>

**TRINITY RIVER AUTHORITY OF TEXAS  
 PROPOSED O&M BUDGET - FISCAL YEAR 2009  
 DENTON CREEK REGIONAL WASTEWATER SYSTEM  
 EXPENDITURE SUMMARY**

<u>DESCRIPTION OF EXPENDITURE</u>	<u>PROPOSED 2009 BUDGET</u>	<u>CURRENT 2008 BUDGET</u>	<u>2007 ACTUAL</u>
<b><u>CAPITAL OUTLAYS</u></b>			
(476) Machinery & Equipment	\$ 28,680	\$ 48,260	\$ 10,340
<b>TOTAL CAPITAL OUTLAYS</b>	<u>28,680</u>	<u>48,260</u>	<u>10,340</u>
<b><u>DEBT SERVICE AND MISCELLANEOUS</u></b>			
(480) Bond Principal Payments	1,275,000	1,445,000	1,220,000
(481) Interest on Long -Term Debt	1,677,880	848,220	723,028
(483) Paying Agent Fees	2,020	1,000	1,424
(486) SEC Disclosure Fees	<u>30,000</u>	<u>30,340</u>	<u>28,000</u>
<b>TOTAL DEBT SERVICE AND MISCELLANEOUS</b>	<u>2,984,900</u>	<u>2,324,560</u>	<u>1,972,452</u>
<b>GRAND TOTAL</b>	<u>\$ 5,445,740</u>	<u>\$ 4,318,480</u>	<u>\$ 3,743,159</u>

**TRINITY RIVER AUTHORITY OF TEXAS  
PROPOSED O&M BUDGET - FISCAL YEAR 2009  
DENTON CREEK REGIONAL WASTEWATER SYSTEM  
REVENUE WORKSHEET**

<u>CONTRACT REVENUE</u>	<u>PROPOSED BUDGET</u>
Operations and Maintenance	
Total Expenditures	\$ 2,492,860.00
Less: Operating Transfers	<u>(9,770.00)</u>
Net Operation and Maintenance to be Billed Monthly	2,483,090.00
Debt Service	
Due 02/01/2009:	
Principal on Bonds:	
Series 1996: \$ 275,000.00 x 0.167	45,833.33
Series 2000: 400,000.00 x 0.167	66,666.67
Series 2003: 595,000.00 x 0.167	99,166.67
Series 2006: - x 0.167	-
Series 2007: 5,000.00 x 0.167	833.33
Series 2008: - x 0.167	-
Interest:	
Series 1996: 22,587.50 x 0.333	7,529.17
Series 2000: 150,207.50 x 0.333	50,069.17
Series 2003: 154,733.13 x 0.333	51,577.71
Series 2006: 183,231.25 x 0.333	61,077.08
Series 2007: 771,351.25 x 0.333	257,117.08
Capt. Int (771,351.25) x 0.333	(257,117.08)
Series 2008: 112,081.25 x 0.333	37,360.42
Capt. Int (112,081.25) x 0.333	(37,360.42)
Due 08/01/2009:	
Interest:	
Series 1996: 15,506.25 x 1.000	15,506.25
Series 2000: 142,407.50 x 1.000	142,407.50
Series 2003: 142,833.13 x 1.000	142,833.13
Series 2006: 183,231.25 x 1.000	183,231.25
Series 2007: 771,285.00 x 1.000	771,285.00
Capt. Int (771,285.00) x 1.000	(771,285.00)
Series 2008: 112,081.25 x 1.000	112,081.25
Due 02/01/2010:	
Principal on Bonds:	
Series 1996: 285,000.00 x 0.833	237,500.00
Series 2000: 5,000.00 x 0.833	4,166.67
Series 2003: 625,000.00 x 0.833	520,833.33
Series 2006: - x 0.833	-
Series 2007: 5,000.00 x 0.833	4,166.67
Series 2008: - x 0.833	-
Interest:	
Series 1996: 15,506.25 x 0.667	10,337.50
Series 2000: 142,407.50 x 0.667	94,938.33
Series 2003: 142,833.13 x 0.667	95,222.09
Series 2006: 183,231.25 x 0.667	122,154.17
Series 2007: 771,285.00 x 0.667	514,190.00
Series 2008: 112,081.25 x 0.667	74,720.83
Less:	
Interest Income - Reserve Fund	(41,140.00)
Interest Income - Revenue Fund	(57,750.00)
Net Debt Service to Billed Monthly	<u>2,558,150.00</u>
TOTAL CONTRACT REVENUE	<u>\$ 5,041,230.00</u>

TRINITY RIVER AUTHORITY OF TEXAS  
 PROPOSED O&M BUDGET - FISCAL YEAR 2009  
 DENTON CREEK REGIONAL WASTEWATER SYSTEM  
 DETAILED REVENUE WORKSHEET

<u>ACCOUNT NUMBER/DESCRIPTION</u>	<u>PROPOSED DETAIL</u>	<u>PROPOSED 2009 BUDGET</u>	<u>CURRENT 2008 BUDGET</u>
<b><u>(301017) CONTRACT REVENUE - ARGYLE</u></b>			
(1176.301017) Operation & Maintenance			
\$2,483,090.00 x 0.000%	-		
(1177.301017) Debt Service			
\$2,558,150.00 x 0.000%	-		
Total Annual Requirement		-	-
<b><u>(301130) CONTRACT REVENUE - CIRCLE T MUD #1</u></b>			
(1176.301130) Operation & Maintenance			
\$2,483,090.00 x 0.020%	\$ 496.62		
(1177.301130) Debt Service			
\$2,558,150.00 x 0.020%	<u>511.63</u>		
Total Annual Requirement		\$ 1,010	\$ 1,180
<b><u>(301140) CONTRACT REVENUE - CIRCLE T MUD #3</u></b>			
(1176.301140) Operation & Maintenance			
\$2,483,090.00 x 0.615%	15,271.00		
(1177.301140) Debt Service			
\$2,558,150.00 x 0.615%	<u>15,732.62</u>		
Total Annual Requirement		31,000	35,660
<b><u>(301320) CONTRACT REVENUE - FLOWER MOUND</u></b>			
(1176.301320) Operation & Maintenance			
\$2,483,090.00 x 0.615%	15,271.00		
(1177.301320) Debt Service			
\$2,558,150.00 x 0.615%	<u>15,732.62</u>		
\$5,041,240.00			
Total Annual Requirement		31,000	35,660
<b><u>(301330) CONTRACT REVENUE - FORT WORTH</u></b>			
(1176.301330) Operation & Maintenance			
\$2,483,090.00 x 48.760%	1,210,754.68		
(1177.301330) Debt Service			
\$2,558,150.00 x 48.760%	<u>1,247,353.94</u>		
Total Annual Requirement		2,458,130	1,901,010
<b><u>(301420) CONTRACT REVENUE - HASLET</u></b>			
(1176.301420) Operation & Maintenance			
\$2,483,090.00 x 4.098%	101,757.03		
(1177.301420) Debt Service			
\$2,558,150.00 x 4.098%	<u>104,832.99</u>		
Total Annual Requirement		206,590	166,340

**TRINITY RIVER AUTHORITY OF TEXAS  
PROPOSED O&M BUDGET - FISCAL YEAR 2009  
DENTON CREEK REGIONAL WASTEWATER SYSTEM  
DETAILED REVENUE WORKSHEET**

<u>ACCOUNT NUMBER/DESCRIPTION</u>	<u>PROPOSED DETAIL</u>	<u>PROPOSED 2009 BUDGET</u>	<u>CURRENT 2008 BUDGET</u>
<b><u>(301480) CONTRACT REVENUE - KELLER</u></b>			
(1176.301480) Operation & Maintenance			
\$2,483,090.00 x 2.766%	\$ 68,682		
(1177.301480) Debt Service			
\$2,558,150.00 x 2.766%	<u>70,758.43</u>		
Total Annual Requirement		\$ 139,440	\$ 130,680
<b><u>(301530) CONTRACT REVENUE - MARSHALL CREEK</u></b>			
<b><u>(301580) CONTRACT REVENUE - NORTHLAKE</u></b>			
(1176.301580) Operation & Maintenance			
\$2,483,090.00 x 1.229%	30,517.18		
(1177.301580) Debt Service			
\$2,558,150.00 x 1.229%	<u>31,439.66</u>		
Total Annual Requirement		61,960	53,450
<b><u>(301650) CONTRACT REVENUE - ROANOKE</u></b>			
(1176.301650) Operation & Maintenance			
\$2,483,090.00 x 15.263%	378,994.03		
(1177.301650) Debt Service			
\$2,558,150.00 x 15.263%	<u>390,450.43</u>		
Total Annual Requirement		769,440	837,610
<b><u>(301680) CONTRACT REVENUE - SOUTHLAKE</u></b>			
(1176.301680) Operation & Maintenance			
\$2,483,090.00 x 22.536%	559,589.16		
(1177.301680) Debt Service			
\$2,558,150.00 x 22.536%	<u>576,504.68</u>		
Total Annual Requirement		1,136,090	891,100
<b><u>(301780) CONTRACT REVENUE - WESTLAKE</u></b>			
(1176.301780) Operation & Maintenance			
\$2,483,090.00 x 4.098%	101,757.03		
(1177.301780) Debt Service			
\$2,558,150.00 x 4.098%	<u>104,832.99</u>		
Total Annual Requirement		206,590	162,760
Total Contract Revenue		5,041,250	4,215,450
<b><u>(380) INTEREST INCOME - RESERVE FUND</u></b>		41,140	41,140
<b><u>(380) INTEREST INCOME- REVENUE FUND</u></b>		57,750	29,830
<b><u>(372) OPERATING TRANSFERS - RISK RETENTION</u></b>		9,770	8,400

**TRINITY RIVER AUTHORITY OF TEXAS**  
**PROPOSED O&M BUDGET - FISCAL YEAR 2009**  
**DENTON CREEK REGIONAL WASTEWATER SYSTEM**  
**DETAILED REGULAR SALARIES**

<u>DESCRIPTION</u>	<u>NUMBER OF EMPLOYEES</u>	<u>BUDGET AMOUNT</u>
A. Salaries under the Salary Administration Plan for the following:		
Supervisory and General Employees		
Manager - DCRWS	1	
Chief Operator	1	
Senior Operator	1	
Operator II	3	
Senior Maintenance Mechanic	1	
Maintenance Mechanic II	1	
Senior Electronic Tech	1	
Senior Secretary	<u>1</u>	
Total Current Positions	<u>10</u>	
* New Project Positions:		
Maintenance mechanic II	1	
Operator I	<u>2</u>	
	3	
Total Positions/Base Salaries w/Shift Diff. Pay	<u>13</u>	\$ 461,820
B. Holiday, Overtime Pay, Accrued Vacation		<u>\$ 55,180</u>
Total Salaries		<u>\$ 517,000</u>

TRINITY RIVER AUTHORITY OF TEXAS  
 PROPOSED O&M BUDGET - FISCAL YEAR 2009  
 DENTON CREEK REGIONAL WASTEWATER SYSTEM  
 DETAILED EXPENDITURE WORKSHEET

<u>ACCOUNT NUMBER/DESCRIPTION</u>	<u>PROPOSED DETAIL</u>	<u>PROPOSED 2009 BUDGET</u>	<u>CURRENT 2008 BUDGET</u>
<b><u>(1176.400) SALARIES - REGULAR</u></b>	\$ 517,000.00		
		\$ 517,000	\$ 437,980
<b><u>(1176.402) PAYROLL TAXES - FICA</u></b>			
\$ 517,000 X 7.65% =	<u>39,550.50</u>		
TOTAL PAYROLL TAXES FICA		39,550	33,510
<b><u>(1176.403) EMPLOYEE BENEFIT - HEALTH/LIFE INSURANCE</u></b>			
(001) Health			
\$ 436.91 X 5 X 12	26,214.60		
\$ 436.91 X 3 X 6	7,864.38		
\$ 651.09 X 2 X 12	15,626.16		
\$ 597.71 X 1 X 12	7,172.52		
\$ 734.76 X 2 X 12	17,634.24		
Provision for increase 10%	<u>7,451.19</u>		
Total Health Premiums	81,963.09		
(002) Life Insurance			
\$ 459,844 X 0.00022 X 12 X 1.5	1,820.98		
Provision for increase 10%	<u>441.75</u>		
	2,262.73		
(003) Long-Term Disability			
\$ 5,896.83 X 0.42/100 X 12	297.20		
\$ 32,423.50 X 0.2/100 X 12	778.16		
Provision for increase 15%	<u>268.84</u>		
Total Long Term Disability	1,344.21		
(004) Employee Assistance Program			
13 X \$2.50 X 12	<u>390.00</u>		
TOTAL EMPLOYEE BENEFITS- INSURANCE		85,960	79,100
<b><u>(1176.404) EMPLOYEE BENEFIT - PENSION</u></b>			
\$ 461,820 X 12.00% =	<u>55,418.40</u>		
TOTAL EMPLOYEE BENEFIT - PENSION		55,420	47,500
<b><u>(1176.406) UNEMPLOYMENT COMPENSATION</u></b>		1,720	1,720
<b><u>(1176.407) EMPLOYEE RECOGNITION PROGRAM</u></b>	2,550.00	2,550	1,430
<b><u>(1176.408) EMPLOYEE BENEFIT - EDUCATION</u></b>	3,960.00	3,960	3,960
TOTAL PERSONAL SERVICES		706,160	605,200

TRINITY RIVER AUTHORITY OF TEXAS  
 PROPOSED O&M BUDGET - FISCAL YEAR 2009  
 DENTON CREEK REGIONAL WASTEWATER SYSTEM  
 DETAILED EXPENDITURE WORKSHEET

<u>ACCOUNT NUMBER/DESCRIPTION</u>	<u>PROPOSED DETAIL</u>	<u>PROPOSED 2009 BUDGET</u>	<u>CURRENT 2008 BUDGET</u>
<b><u>(1176.410) OFFICE SUPPLIES</u></b>			
(001) Office Consumables	\$ 700.00		
(002) Office Non-Consumables	400.00		
(003) Computer/Copier Supplies	525.00		
(004) First Aid	100.00		
(005) Vending & Lunchroom Supplies	900.00		
(007) Office Furniture	1,200.00		
(008) Office Equipment	300.00		
	<hr/>		
TOTAL OFFICE SUPPLIES		\$ 4,130	\$ 2,470
<b><u>(1176.411) DUES &amp; SUBSCRIPTIONS</u></b>			
(001) Professional/Technical Memberships			
NACWA	720.00		
WEF/WEAT	450.00		
WERF	305.00		
TWUA	400.00		
WaterReuse Foundation	1,000.00		
(002) Periodicals/Newspapers	180.00		
	<hr/>		
TOTAL DUES & SUBSCRIPTIONS		3,060	3,060
<b><u>(1176.412) FEES OTHER THAN DUES &amp; SUBSCRIPTIONS</u></b>			
(001) Operator Certification Fees	1,065.00		
(002) TCEQ WW Inspection/SWPPP Fee	20,515.00		
(006) Tier Two Report Fees	10.00		
(008) County Court Filing Fees	25.00		
	<hr/>		
TOTAL FEES OTHER THAN DUES & SUBSCRIPTIONS		21,620	21,330
<b><u>(1176.413) MAINTENANCE AND OPERATING SUPPLIES</u></b>			
(001) Repair/Replacement Hand Tools	2,300.00		
(002) Operational Supplies	3,700.00		
(003) Maintenance Supplies	3,750.00		
(004) Ground Care Supplies	2,500.00		
(005) Janitorial/Cleaning Supplies	1,000.00		
(006) Electrical Supplies	2,500.00		
(007) Facilities Supplies	500.00		
(008) Protective/Safety Equipment	2,000.00		
(009) Paint	700.00		
(476) GPS System Mobile Mapping Device	2,000.00		
	<hr/>		
TOTAL MAINTENANCE AND OPERATING SUPPLIES		20,950	19,900
<b><u>(1176.414) LAB SUPPLIES</u></b>			
(003) Bacteriological Filters	4,562.70		
(007) Lab Apparatus	3,000.00		
(008) Chemical Reagents & Standards	1,774.24		
(009) Glassware, Plastics, & Disposables	1,852.92		
(010) Filters, Glassfiber, Prefilters and Membrane:	1,147.32		
(012) Operational Supplies	1,000.00		
	<hr/>		
TOTAL LAB SUPPLIES		13,340	17,200

TRINITY RIVER AUTHORITY OF TEXAS  
 PROPOSED O&M BUDGET - FISCAL YEAR 2009  
 DENTON CREEK REGIONAL WASTEWATER SYSTEM  
 DETAILED EXPENDITURE WORKSHEET

<u>ACCOUNT NUMBER/DESCRIPTION</u>	<u>PROPOSED DETAIL</u>	<u>PROPOSED 2009 BUDGET</u>	<u>CURRENT 2008 BUDGET</u>
<b><u>(1176.415) PROCESS CHEMICALS AND SUPPLIES</u></b>			
Basis 4.881 MGD			
(003) Chlorine/HTH			
\$ 90.00 X 5 DRUMS =	\$ 450.00		
(004) Polymer			
\$ 418.50 X 26 DRUMS =	44,900.00		
(005) Hydrochloric/Muratic Acid			
\$ 0.12 X 1,650 LBS =	200.00		
(018) Magnesium Hydroxide			
\$ 2.05 X 31,000 GAL =	<u>63,470.00</u>		
TOTAL PROCESS CHEMICALS AND SUPPLIES		\$ 109,020	\$ 75,590
<b><u>(1176.416) FUEL, OIL, AND LUBRICANTS</u></b>			
(001) Gasoline & Motor Oil	15,971.25		
(002) Diesel Fuel	2,762.50		
(004) Anti-Freeze	50.00		
(005) Grease	500.00		
(006) Hydraulic Oil	250.00		
(009) Oil	<u>788.00</u>		
TOTAL FUEL, OIL, AND LUBRICANTS		20,320	14,540
<b><u>(1176.417) COMPUTER SOFTWARE, LICENSES &amp; INSTRUMENT SUPPLIES</u></b>			
(001) Metering Supplies	5,000.00		
(005) FM Telemetry	3,000.00		
(006) Metering Electrical Repair	500.00		
(010) Computer Software & Licenses	<u>1,200.00</u>		
TOTAL COMP SOFTWARE, LICs & INSTR SUPPL		9,700	8,500
TOTAL SUPPLIES		202,140	162,590
<b><u>(1176.420) AUDITING</u></b>		31,500	30,000
<b><u>(1176.421) ENGINEERING</u></b>			
(001) Engineering Studies	<u>64,000.00</u>		
TOTAL ENGINEERING		64,000	63,920
<b><u>(1176.422) LEGAL</u></b>			
(001) Legal Fees	<u>3,000.00</u>		
TOTAL LEGAL		3,000	2,000
<b><u>(1176.423) OUTSIDE SERVICES</u></b>			
(001) Advertising/Public Education	9,096.00		
(002) Graphics, Displays , Etc.	250.00		
(003) Construction Services.	5,000.00		
(004) Security Monitoring/Support	5,000.00		
(005) Solid Waste Disposal	1,218.00		
(006) Contract Labor	1,000.00		
(007) PC/ SCADA/ Network Support	3,640.00		
(010) Courier Service	<u>5,896.80</u>		
TOTAL OUTSIDE SERVICES		31,100	26,760

TRINITY RIVER AUTHORITY OF TEXAS  
 PROPOSED O&M BUDGET - FISCAL YEAR 2009  
 DENTON CREEK REGIONAL WASTEWATER SYSTEM  
 DETAILED EXPENDITURE WORKSHEET

<u>ACCOUNT NUMBER/DESCRIPTION</u>	<u>PROPOSED DETAIL</u>	<u>PROPOSED 2009 BUDGET</u>	<u>CURRENT 2008 BUDGET</u>
<b><u>(1176.424) OTHER PROFESSIONAL SERVICES</u></b>			
(001) Drug Testing	\$ 180.00		
(003) Motor Vehicle Reports/Testing	150.00		
TOTAL OTHER PROFESSIONAL SERVICES		\$ 330	\$ 330
<b><u>(1176.427) INFORMATION TECHNOLOGY SUPPORT SERVICES</u></b>			
(001) IT Support Services	27,000.00		
TOTAL INFORMATION TECHNOLOGY SUPPORT SERVICES		27,000	29,520
<b><u>(1176.430) TELEPHONE &amp; TELEMETERING</u></b>			
(001) Telephone/Telemetering	9,487.20		
(003) Mobile Radios/Telephones	5,664.00		
TOTAL TELEPHONE & TELEMETERING		15,150	14,590
<b><u>(1176.431) POSTAGE</u></b>			
(002) Stamps/Shipping	590.00		
TOTAL POSTAGE		590	590
<b><u>(1176.432) PRINTING AND BINDING</u></b>			
(002) Letterhead, Envelopes, Stationary	275.00		
(003) Manuals, Handbooks, Etc.	80.00		
(004) Binders /Business Cards	100.00		
TOTAL PRINTING AND BINDING		460	400
<b><u>(1176.433) INSURANCE PAYMENTS</u></b>			
(001) Workers Compensation	8,940.84		
(002) Property/Casualty	7,180.00		
(003) General Liability	1,264.00		
(004) Public Official Liability	828.00		
(005) Auto	762.00		
(006) Equipment Floater	170.00		
(007) Blanket Bond	45.00		
TOTAL INSURANCE PAYMENTS		19,190	15,180
<b><u>(1176.436) TRAVEL</u></b>			
(003) Commercial Air	800.00		
(004) Car Rental/Taxi	100.00		
(005) Parking	100.00		
(006) Meals	640.00		
(007) Lodging	1,450.00		
TOTAL TRAVEL		3,090	2,700
<b><u>(1176.437) LAUNDRY, UNIFORM &amp; IND. EQUIP.</u></b>			
(001) Uniform Rental/Laundry	3,420.00		
(003) Patches/Hats	100.00		
(004) Towels, Mops, Mats	691.00		
TOTAL LAUNDRY, UNIFORM, & IND. EQUIP.		4,210	3,840

TRINITY RIVER AUTHORITY OF TEXAS  
 PROPOSED O&M BUDGET - FISCAL YEAR 2009  
 DENTON CREEK REGIONAL WASTEWATER SYSTEM  
 DETAILED EXPENDITURE WORKSHEET

<u>ACCOUNT NUMBER/DESCRIPTION</u>	<u>PROPOSED DETAIL</u>	<u>PROPOSED 2009 BUDGET</u>	<u>CURRENT 2008 BUDGET</u>
<b><u>(1176.438) TRAINING</u></b>		\$ 5,250	\$ 5,250
<b><u>(1176.440) UTILITIES</u></b>			
(002) Water	\$ 8,730.00		
TOTAL UTILITIES		1,530	1,530
<b><u>(1176.442) POWER</u></b>		640,010	543,330
<b><u>(1176.443) R &amp; M - COLLECTION SYSTEM</u></b>			
(001) Meter Station Rehab.	5,000.00		
(002) Manhole/Junction Box Rehab.	2,760.00		
(003) System Repairs/Line Cleaning/TV	5,000.00		
(004) Lift Station/ROW Maintenance	8,000.00		
(005) Signs, Fencing	270.00		
TOTAL R & M - COLLECTION SYSTEM		21,030	21,030
<b><u>(1176.444) R &amp; M - EQUIPMENT</u></b>			
(001) Shop Equipment	1,500.00		
(003) Compressors & Generators	4,000.00		
(004) Fuel Powered & Electrical Equip	2,000.00		
(005) Office and Video Equipment	1,000.00		
(006) Analytical Equipment Repair - Non Contract	1,500.00		
(009) Mowers, Tractors, Etc.	3,000.00		
(015) Tire Repair	800.00		
TOTAL R & M - EQUIPMENT		13,800	11,050
<b><u>(1176.445) R &amp; M - PLANT AND BUILDINGS</u></b>			
(001) Packing & Mechanical Seals	1,500.00		
(005) Clarifiers/Basins/Digesters	5,000.00		
(006) Balancing & Machining	250.00		
(007) Valve, Valve Operators, Pipe, Etc.	7,500.00		
(008) Positive Displacement Pumps, Parts, Repair	5,000.00		
(009) Filter Press/Belt Press Parts	2,000.00		
(010) Centrifugal Pumps, Parts, Repair	35,000.00		
(012) Industrial Air/Oil Filters	3,500.00		
(014) Building/Structure Repair	750.00		
(018) Blowers/Compressor Parts and Repairs	2,500.00		
(019) Crane Inspection & Servicing	1,000.00		
TOTAL R & M - PLANT AND BUILDINGS		64,000	52,250
<b><u>(1176.446) R &amp; M - VEHICLES</u></b>			
(002) Trucks	2,000		
(003) Tire Repair	750		
(004) Other Supplies	700		
TOTAL R & M - VEHICLES		3,450	3,450

TRINITY RIVER AUTHORITY OF TEXAS  
 PROPOSED O&M BUDGET - FISCAL YEAR 2009  
 DENTON CREEK REGIONAL WASTEWATER SYSTEM  
 DETAILED EXPENDITURE WORKSHEET

<u>ACCOUNT NUMBER/DESCRIPTION</u>	<u>PROPOSED DETAIL</u>	<u>PROPOSED 2009 BUDGET</u>	<u>CURRENT 2008 BUDGET</u>
<b><u>(1176.448) ELECTRICAL PARTS/REPAIRS</u></b>			
(001) Components	\$ 500.00		
(002) Signal and Cable Wire	1,000.00		
(003) Electronic Parts	500.00		
(004) Electrical Parts and Materials	5,000.00		
(005) Electrical Motor Overhauls	10,000.00		
(006) HVAC Parts and Repairs	2,000.00		
(007) UV Parts and Repairs	<u>23,400.00</u>		
		\$ 42,400	-
<b><u>(1176.449) OFF-SITE SLUDGE DISPOSAL</u></b>			
(001) Municipal Landfill	<u>275,180.00</u>		
TOTAL OFF-SITE SLUDGE DISPOSAL		275,180	132,550
<b><u>(1176.451) RENT - MACHINERY &amp; EQUIPMENT</u></b>			
(001) Cranes & Other Heavy Equipment	10,360.00		
(002) Compressor & Special Equipment	3,125.00		
(005) Copier Rental	3,729.00		
(007) Cylinder Rental	<u>330.00</u>		
TOTAL RENT - MACHINERY & EQUIPMENT		17,540	11,060
<b><u>(1176.464) INTER-FUND SERVICES &amp; CHARGES</u></b>			
(001) Biomonitoring	16,590.00		
(002) Sample Analysis/Monitoring	31,831.00		
(003) Technical Assistance	7,000.00		
(004) Meter Calibration	8,759.92		
(005) Pretreatment	11,505.00		
(006) Northern Region Purchasing	<u>5,550.00</u>		
TOTAL INTERFUND SERVICES		81,240	65,740
<b><u>(1176.466) ADMINISTRATIVE OVERHEAD</u></b>			
		158,810	140,800
TOTAL OTHER SERVICES AND CHARGES		1,523,860	1,177,870
<b><u>(1176.476) MACHINERY &amp; EQUIPMENT</u></b>			
(001) Replacement			
(1) Full Size Truck	16,000.00		
(002) New			
(1) Utility Vehicle	12,678.00		
TOTAL MACHINERY & EQUIPMENT		28,680	48,260
TOTAL O&M/CAPITAL		2,460,840	1,993,920

TRINITY RIVER AUTHORITY OF TEXAS  
 PROPOSED O&M BUDGET - FISCAL YEAR 2009  
 DENTON CREEK REGIONAL WASTEWATER SYSTEM  
 DETAILED EXPENDITURE WORKSHEET

<u>ACCOUNT NUMBER/DESCRIPTION</u>	<u>PROPOSED DETAIL</u>	<u>PROPOSED 2009 BUDGET</u>	<u>CURRENT 2008 BUDGET</u>
<b><u>(1178.480) BOND PRINCIPAL PAYMENTS</u></b>			
Due 02/01/2009:			
Series 1996:	\$ 275,000.00		
Series 2000:	400,000.00		
Series 2003:	595,000.00		
Series 2006: (No prin. Due 'til 2017)	-		
Series 2007:	5,000.00		
Series 2008: (No prin. Due 'til 2015)	-		
TOTAL BOND PRINCIPAL PAYMENTS	-	\$ 1,275,000	\$ 1,445,000
<b><u>(1178.481) INTEREST ON LONG TERM DEBT</u></b>			
Due 02/01/2009:			
Series 1996:	22,587.50		
Series 2000:	150,207.50		
Series 2003:	154,733.13		
Series 2006:	183,231.25		
Series 2007:	771,351.25		
Less: Capitalized Interest	(771,351.25)		
Series 2008:	112,081.25		
Capt. Int	(112,081.25)		
Due 08/01/2009:			
Series 1996:	15,506.25		
Series 2000:	142,407.50		
Series 2003:	142,833.13		
Series 2006:	183,231.25		
Series 2007:	771,285.00		
Less: Capitalized Interest	(771,285.00)		
Series 2008:	112,081.25		
Adjustment For Accrual	571,056.67		
TOTAL INTEREST ON LONG-TERM DEBT	-	1,677,880	848,220
<b><u>(1178.483) PAYING AGENT FEES</u></b>		2,020	1,000
<b><u>(1178.486) SEC DISCLOSURE FEES</u></b>		30,000	30,340
Total Debt Service		2,984,900	2,324,560



**II**



**Denton Creek Regional Wastewater System**

Sizing for 2009 TWDB IUP

Construction Fund Size of \$19,307,000

**Debt Service Schedule**

Part 1 of 2

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
07/15/2009	-	-	-	-	-
02/01/2010	-	-	592,900.00	592,900.00	-
08/01/2010	-	-	544,500.00	544,500.00	-
11/30/2010	-	-	-	-	1,137,400.00
02/01/2011	-	-	544,500.00	544,500.00	-
08/01/2011	-	-	544,500.00	544,500.00	-
11/30/2011	-	-	-	-	1,089,000.00
02/01/2012	675,000.00	4.000%	544,500.00	1,219,500.00	-
08/01/2012	-	-	531,000.00	531,000.00	-
11/30/2012	-	-	-	-	1,750,500.00
02/01/2013	705,000.00	4.000%	531,000.00	1,236,000.00	-
08/01/2013	-	-	516,900.00	516,900.00	-
11/30/2013	-	-	-	-	1,752,900.00
02/01/2014	730,000.00	4.000%	516,900.00	1,246,900.00	-
08/01/2014	-	-	502,300.00	502,300.00	-
11/30/2014	-	-	-	-	1,749,200.00
02/01/2015	760,000.00	4.000%	502,300.00	1,262,300.00	-
08/01/2015	-	-	487,100.00	487,100.00	-
11/30/2015	-	-	-	-	1,749,400.00
02/01/2016	790,000.00	4.000%	487,100.00	1,277,100.00	-
08/01/2016	-	-	471,300.00	471,300.00	-
11/30/2016	-	-	-	-	1,748,400.00
02/01/2017	825,000.00	4.000%	471,300.00	1,296,300.00	-
08/01/2017	-	-	454,800.00	454,800.00	-
11/30/2017	-	-	-	-	1,751,100.00
02/01/2018	860,000.00	4.000%	454,800.00	1,314,800.00	-
08/01/2018	-	-	437,600.00	437,600.00	-
11/30/2018	-	-	-	-	1,752,400.00
02/01/2019	895,000.00	4.000%	437,600.00	1,332,600.00	-
08/01/2019	-	-	419,700.00	419,700.00	-
11/30/2019	-	-	-	-	1,752,300.00
02/01/2020	930,000.00	4.000%	419,700.00	1,349,700.00	-
08/01/2020	-	-	401,100.00	401,100.00	-
11/30/2020	-	-	-	-	1,750,800.00
02/01/2021	970,000.00	4.000%	401,100.00	1,371,100.00	-
08/01/2021	-	-	381,700.00	381,700.00	-
11/30/2021	-	-	-	-	1,752,800.00
02/01/2022	1,005,000.00	4.000%	381,700.00	1,386,700.00	-
08/01/2022	-	-	361,600.00	361,600.00	-
11/30/2022	-	-	-	-	1,748,300.00
02/01/2023	1,050,000.00	4.000%	361,600.00	1,411,600.00	-
08/01/2023	-	-	340,600.00	340,600.00	-
11/30/2023	-	-	-	-	1,752,200.00
02/01/2024	1,090,000.00	4.000%	340,600.00	1,430,600.00	-



**Denton Creek Regional Wastewater System**

Sizing for 2009 TWDB IUP

Construction Fund Size of \$19,307,000

**Debt Service Schedule**

Part 2 of 2

Date	Principal	Coupon	Interest	Total P+i	Fiscal Total
08/01/2024	-	-	318,800.00	318,800.00	-
11/30/2024	-	-	-	-	1,749,400.00
02/01/2025	1,135,000.00	4.000%	318,800.00	1,453,800.00	-
08/01/2025	-	-	296,100.00	296,100.00	-
11/30/2025	-	-	-	-	1,749,900.00
02/01/2026	1,180,000.00	4.000%	296,100.00	1,476,100.00	-
08/01/2026	-	-	272,500.00	272,500.00	-
11/30/2026	-	-	-	-	1,748,600.00
02/01/2027	1,230,000.00	4.000%	272,500.00	1,502,500.00	-
08/01/2027	-	-	247,900.00	247,900.00	-
11/30/2027	-	-	-	-	1,750,400.00
02/01/2028	3,005,000.00	4.000%	247,900.00	3,252,900.00	-
08/01/2028	-	-	187,800.00	187,800.00	-
11/30/2028	-	-	-	-	3,440,700.00
02/01/2029	3,065,000.00	4.000%	187,800.00	3,252,800.00	-
08/01/2029	-	-	126,500.00	126,500.00	-
11/30/2029	-	-	-	-	3,379,300.00
02/01/2030	3,130,000.00	4.000%	126,500.00	3,256,500.00	-
08/01/2030	-	-	63,900.00	63,900.00	-
11/30/2030	-	-	-	-	3,320,400.00
02/01/2031	3,195,000.00	4.000%	63,900.00	3,258,900.00	-
11/30/2031	-	-	-	-	3,258,900.00
<b>Total</b>	<b>\$27,225,000.00</b>	<b>-</b>	<b>\$16,409,300.00</b>	<b>\$43,634,300.00</b>	<b>-</b>

**Yield Statistics**

Bond Year Dollars	\$410,232.50
Average Life	15.068 Years
Average Coupon	4.0000000%

Net Interest Cost (NIC)	4.1254295%
True Interest Cost (TIC)	4.1761775%
Bond Yield for Arbitrage Purposes	3.9998266%
All Inclusive Cost (AIC)	4.3254415%

**IRS Form 8038**

Net Interest Cost	4.0000000%
Weighted Average Maturity	15.068 Years

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**III**



**DENTON CREEK  
REGIONAL WASTEWATER  
SYSTEM  
ENTERPRISE FUND**



**TRINITY RIVER AUTHORITY OF TEXAS  
DENTON CREEK REGIONAL WASTEWATER SYSTEM ENTERPRISE FUND**

**STATEMENT OF NET ASSETS  
NOVEMBER 30, 2007**

**ASSETS**

**CURRENT ASSETS:**

Cash (Note 1)		\$	100
Equity in Pooled Cash and Investments (Note 1)			138,114
Accounts Receivable - Other			4,348
Accounts Receivable - Contracting Parties			771,784
Due from Other Authority Funds (Note 9)			18,009
Due to Interest and Sinking Fund			(239,810)
Prepays and Other Assets			26,807
<b>Total Current Assets</b>			<u>719,352</u>

**RESTRICTED ASSETS (Note 1):**

<b>Interest and Sinking Funds:</b>			
Equity in Pooled Cash and Investments	\$	4,157,532	
Due to Reserve Fund		(314,600)	
Due from Current Assets		<u>239,810</u>	\$ 4,082,742
<b>Reserve Fund:</b>			
Equity in Pooled Cash and Investments		5,045,100	
Due from Interest and Sinking Fund		<u>314,600</u>	5,359,700
<b>Contingency Fund -</b>			
Equity in Pooled Cash and Investments			100,000
<b>Construction Fund -</b>			
Equity in Pooled Cash and Investments			<u>42,849,300</u>
<b>Total Restricted Assets</b>			<u>52,391,742</u>

**CAPITAL ASSETS (Note 3):**

Land and Easements			535,604
Sewage System and Extensions	27,200,092		
Accumulated Depreciation	<u>(4,208,615)</u>	22,991,477	
Machinery and Equipment	90,980		
Accumulated Depreciation	<u>(43,820)</u>	47,160	
Construction-in-Progress			<u>461,540</u>
<b>Total Capital Assets - Net</b>			<u>24,035,781</u>

**DEFERRED CHARGES - Unamortized Bond Expense** 1,718,530

**TOTAL ASSETS** 78,865,405

LIABILITIES

## CURRENT LIABILITIES:

## Payable from Current Assets:

Accounts Payable and Accrued Expenses	\$	73,521	
Accounts Payable - Contracting Parties		74,482	
Due to Other Authority Funds (Note 9)		<u>279,685</u>	\$ 427,688

## Payable from Restricted Assets:

Accounts and Retainage Payable		514,967	
Revenue Bonds - Current Maturities (Note 4)		1,445,000	
Accrued Interest on Bonds Payable		<u>377,512</u>	<u>2,337,479</u>
Total Current Liabilities			<u>2,765,167</u>

## LONG-TERM LIABILITIES:

Revenue Bonds, Less Current Maturities (Note 4)		70,015,000	
Unamortized Bond Premium (Discount)		134,651	
Deferred Amount on Refunding		(146,737)	
Accounts Payable and Accrued Expenses		<u>7,628</u>	
Total Long-Term Liabilities - Net			<u>70,010,542</u>

## TOTAL LIABILITIES

72,775,709NET ASSETS (LIABILITIES)

Invested in Capital Assets, Net of Related Debt		(3,359,271)	
Restricted for:			
Debt Service	\$	9,064,929	
Other Purposes		<u>100,000</u>	9,164,929
Unrestricted			<u>284,038</u>

## TOTAL NET ASSETS

\$ 6,089,696

The accompanying notes are an integral part of the financial statements.

TRINITY RIVER AUTHORITY OF TEXAS  
**DENTON CREEK REGIONAL WASTEWATER SYSTEM ENTERPRISE FUND**

EXHIBIT 11-2

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
 YEAR ENDED NOVEMBER 30, 2007**

**OPERATING REVENUE (Note 2):**

**Sewage Service Contract Charges:**

Fort Worth		\$ 2,045,876
Haslet		164,865
Roanoke		626,555
Southlake		696,908
Circle T Municipal Utility District No. 1		848
Keller		94,511
Circle T Municipal Utility District No. 3		25,776
Northlake		26,066
Flower Mound		25,776
Westlake		133,965
<b>Total Operating Revenue</b>		<b><u>3,841,146</u></b>

**OPERATING EXPENSES:**

Personal Services	\$ 464,806	
Supplies	138,847	
Other Services and Charges	1,156,714	
Depreciation	550,628	
<b>Total Operating Expenses</b>		<b><u>2,310,995</u></b>

**OPERATING INCOME**

**1,530,151**

**NON-OPERATING REVENUE (EXPENSES):**

Investment Income	582,341	
Interest Expense	(1,045,992)	
Amortization of Bond Sale Expense	(21,434)	
Paying Agent Fees	(1,424)	
Arbitrage Refund (Note 7)	24,795	
Other	(33,366)	
SEC Disclosure Fees	(28,000)	
<b>Total Non-Operating Revenue (Expense) - Net</b>		<b><u>(523,080)</u></b>

**INCOME BEFORE TRANSFERS**

**1,007,071**

**TRANSFER IN (Note 6)**

**9,127**

**CHANGE IN NET ASSETS**

**1,016,198**

**NET ASSETS - DECEMBER 1, 2006**

**5,073,498**

**NET ASSETS - NOVEMBER 30, 2007**

**\$ 6,089,696**

The accompanying notes are an integral part of the financial statements.

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**TRINITY RIVER AUTHORITY OF TEXAS**  
**DENTON CREEK REGIONAL WASTEWATER SYSTEM ENTERPRISE FUND**

**STATEMENT OF CASH FLOWS**  
**YEAR ENDED NOVEMBER 30, 2007**

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<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash Received from Customers	\$ 3,699,610	
Cash Payments to Suppliers for Goods and Services	(709,208)	
Cash Payments for Employee Services	(467,245)	
Cash Payments from Other Funds for Services	71,161	
	<hr/>	
Net Cash Provided by Operating Activities		\$ 2,594,318
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>		
Transfer from Other Authority Funds	7,350	
Arbitrage Refund	24,795	
Other Cash Payments	(33,366)	
	<hr/>	
Net Cash Used for Non-Capital Financing Activities		(1,221)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Acquisition and Construction of Capital Assets	(4,950,149)	
Principal Paid on Revenue Bond Maturities	(1,220,000)	
Interest Paid on Revenue Bonds	(1,153,076)	
Proceeds from Issuance of Bonds	46,442,268	
Bond Sale Expenses Paid	(19,898)	
Paying Agent Fees	(1,424)	
SEC Disclosure Fees	(28,000)	
	<hr/>	
Net Provided by Capital and Related Financing Activities		39,069,721
<b>CASH FLOWS FROM INVESTING ACTIVITIES -</b>		
Cash Received for Investment Income		<hr/> 582,341
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		42,245,159
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<hr/> 10,044,987
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<hr/> <u>\$ 52,290,146</u>

<b>RECONCILIATION OF OPERATING INCOME</b>		
<b>TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Operating Income		\$ 1,530,151
<b>Adjustments to Reconcile Operating Income to Net</b>		
<b>Cash Provided by Operating Activities:</b>		
Depreciation	\$ 550,628	
<b>Change in Assets and Liabilities:</b>		
Accounts Receivable - Contracting Parties	(69,894)	
Due from Other Authority Funds	(18,009)	
Accounts Payable and Accrued Expenses	387,091	
Accounts Payable - Contracting Parties	(71,641)	
Due to Other Authority Funds	279,685	
Prepays and Other Assets	<u>6,307</u>	
Total Adjustments		<u>1,064,167</u>
<b>Net Cash Provided by Operating Activities</b>		<b><u>\$ 2,594,318</u></b>
<b>SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITIES:</b>		
Amortization of Bond Premium/Discount		\$ (12,619)
Amortization of Deferred Amount on Refunding		61,531
Transfer of Fixed Assets from Other Authority Funds		1,777
Change in Estimated Arbitrage Liability		48,722

The accompanying notes are an integral part of the financial statements.

**TRINITY RIVER AUTHORITY OF TEXAS  
DENTON CREEK REGIONAL WASTEWATER SYSTEM ENTERPRISE FUND**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED NOVEMBER 30, 2007**

1. See Exhibit 1-10, Note 1 for summary of significant accounting and reporting policies.
2. The Authority entered into several contracts for the purpose of designing and constructing the Denton Creek Regional Wastewater System. The contracts are summarized as follows:

Treatment System - The Authority entered into a contract with the Cities of Fort Worth, Roanoke, Haslet, Keller, Southlake, Flower Mound, Northlake and Westlake, and Circle T Municipal Utility District No 1 and Circle T Municipal Utility District No 3 ("Contracting Parties") whereby the Authority agrees to provide and the Contracting Parties agree to pay for the operation and maintenance of a facility to treat wastewater ("Treatment System") for the benefit of the Contracting Parties. The Contracting Parties have agreed to pay the Authority their proportionate share of the net cost of operation and maintenance of the Treatment System and the debt service cost of the outstanding bonds issued to construct the facilities. During fiscal year 2007, Marshall Creek was annexed into the City of Roanoke and the subordinate contract with Marshall Creek was terminated.

3. Capital asset activity and the related changes in accumulated depreciation for the year ended November 30, 2007 are as follows:

	<u>Balance December 1, 2006</u>	<u>Additions and Transfers</u>	<u>Deletions and Transfers</u>	<u>Balance November 30, 2007</u>
Land and Easements	\$ 535,604			\$ 535,604
Sewage System and Extensions	21,936,989	\$ 5,263,103		27,200,092
Accumulated Depreciation	(3,666,047)	(542,568)		(4,208,615)
Machinery and Equipment	80,263	12,117	\$ (1,400)	90,980
Accumulated Depreciation	(37,159)	(8,061)	1,400	(43,820)
Construction-in- Progress	<u>626,559</u>	<u>5,098,084</u>	<u>(5,263,103)</u>	<u>461,540</u>
<b>Total</b>	<u>\$ 19,476,209</u>	<u>\$ 9,822,675</u>	<u>\$ (5,263,103)</u>	<u>\$ 24,035,781</u>

The Authority capitalized interest in 2007 in connection with construction in the Denton Creek Regional Wastewater System. The net interest capitalized for the year in connection with this project was \$109,553.

4. The outstanding bonds of the Denton Creek Wastewater System Enterprise Fund as of November 30, 2007 are comprised of the following:

<u>Series</u>	<u>Outstanding Principal Amount</u>	<u>Interest Rates</u>
Wastewater Treatment System Revenue Bond, Series 1996	\$ 1,120,000	3.60% - 5.45%
Wastewater Treatment System Revenue Bond, Series 2000	7,690,000	3.55% - 4.65%
Wastewater Treatment System Revenue Improvement and Refunding Bonds, Series 2003	7,660,000	3.50% - 4.80%
Wastewater Treatment System Revenue Bond, Series 2006	7,395,000	4.75% - 5.00%
Wastewater Treatment System Revenue Bond, Series 2007	<u>47,595,000</u>	4.75% - 5.00%
Total	<u>\$ 71,460,000</u>	

Changes in the long-term debt during the year ending November 30, 2007 were as follows:

<u>Series</u>	<u>Balance December 1, 2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance November 30, 2007</u>	<u>Current Portion</u>
1996	\$ 1,365,000		\$ 245,000	\$ 1,120,000	\$ 260,000
2000	8,115,000		425,000	7,690,000	625,000
2003	8,210,000		550,000	7,660,000	560,000
2006	7,395,000		NIL	7,395,000	NIL
2007	NIL	\$ 47,595,000	NIL	<u>47,595,000</u>	<u>NIL</u>
	25,085,000	47,595,000	1,220,000	71,460,000	1,445,000
Compensated Absences	19,005	21,635	14,367	<u>26,273</u>	<u>7,628</u>
Total Long-Term Debt	<u>\$ 25,104,005</u>	<u>\$ 47,616,635</u>	<u>\$ 1,234,367</u>	<u>\$ 71,486,273</u>	<u>\$ 1,452,628</u>

Compensated absences are reported with accounts payable and accrued expenses in the Statement of Net Assets.

During the year ending November 30, 2007, the Authority issued \$47,595,000 of Denton Creek Regional Wastewater System Series 2007 bonds, of which the net proceeds were used to fund a construction-in-progress project to construct and improve plant facilities and to pay cost of issuance. The bonds bear interest at the rate of 4.75%-5.00% per annum and mature serially on February 1 of each year.

Each series of bonds matures serially. Annual debt service requirements to maturity, including interest, for each series are set forth in Exhibit 49 and are summarized as follows:

<u>Year Ending November 30</u>	<u>Interest</u>	<u>Principal</u>
2008	\$ 2,096,924	\$ 1,445,000
2009	2,537,374	1,275,000
2010	2,490,379	920,000
2011	2,433,545	1,705,000
2012	2,360,456	1,925,000
2013-2017	10,174,830	17,190,000
2018-2022	6,785,538	21,335,000
2023-2026	2,447,733	25,665,000
	<u>\$ 31,326,779</u>	<u>\$ 71,460,000</u>

The Authority has defeased certain other outstanding revenue bonds in prior years by placing proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments of the old bonds. Accordingly, the trust accounts and the defeased bonds are not included in the Denton Creek Regional Wastewater System's financial statements. Prior to November 30, 2007, all such old bonds have been called and no bonds are considered defeased as of year end.

5. The Denton Creek Regional Wastewater System construction program includes various projects to construct and improve plant facilities. At November 30, 2007, the Authority was committed under construction contracts for \$3,129,788 of which \$2,213,216 has been incurred.
6. In 2007, Denton Creek Regional Wastewater System received a transfer of \$7,350 from the Risk Retention Fund as a rebate of insurance premiums and a fixed asset transfer with a book value of \$1,777.
7. During fiscal year 2007, the Denton Creek Regional Wastewater System received a \$24,795 refund from the United States Treasury as a result of an over payment of arbitrage rebates paid in fiscal year 2001 and 2002 on the Series 1996 revenue bonds.
8. The original budget for expenses for the year ended November 30, 2007 was amended by \$240,000, primarily for unbudgeted costs incurred for Power and Offsite Biosolids Disposal.
9. As of November 30, 2007, Denton Creek Regional Wastewater System owed \$277,240 to the General Fund for administrative fees for the Series 2007 new debt issuance and was owed \$18,009 from the General Fund for the return of cash held to cover year-end accounts payable. Also in 2007, Denton Creek Regional Wastewater System owed \$2,445 to Central Regional Wastewater System for services provided during the fiscal year.
10. On December 5, 2007, the Authority's Board of Directors authorized the General Manager to issue \$4,645,000 par of revenue bonds for the Denton Creek Regional Wastewater System. The proceeds of this bond issue were delivered March 26, 2008.

**On December 5, 2007, the Authority's Board of Directors authorized the General Manager to execute an engineering services agreement totaling \$2,573,400 for engineering services related to the Denton Creek Regional Wastewater System.**

**TRINITY RIVER AUTHORITY OF TEXAS  
DENTON CREEK REGIONAL WASTEWATER SYSTEM ENTERPRISE FUND**

**SCHEDULE OF EXPENSES - BUDGETED AND ACTUAL  
YEAR ENDED NOVEMBER 30, 2007**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
<b>SEWAGE TREATMENT:</b>			
<b>Personal Services:</b>			
Salaries	\$ 343,990	\$ 350,600	\$ 349,724
Payroll Taxes - FICA	26,320	26,620	26,528
Employee Benefit - Health/Life Insurance	55,760	55,760	55,756
Employee Benefit - Pension	37,020	32,520	32,325
Unemployment Compensation	1,720	1,720	
Employee Recognition Program	930	930	473
Employee Benefit - Education	2,640	1,140	
<b>Total</b>	<b>468,380</b>	<b>469,290</b>	<b>464,806</b>
<b>Supplies:</b>			
Office Supplies	2,220	4,220	3,870
Dues and Subscriptions	1,710	3,710	3,203
Fees Other Than Dues and Subscriptions	20,870	23,370	28,224
Maintenance and Operating Supplies	15,500	4,500	3,661
Laboratory Supplies	12,210	15,510	15,225
Process Chemicals and Supplies	69,410	67,310	67,030
Fuel, Oil and Lubricants	12,340	12,340	11,674
Computer Software, Lic. & Instr. Supplies	13,960	8,480	5,960
<b>Total</b>	<b>148,220</b>	<b>139,440</b>	<b>138,847</b>
<b>Other Services and Charges:</b>			
Auditing	28,040	30,040	30,000
Engineering	55,000	55,000	32,143
Legal	1,000	1,000	2,444
Outside Services	19,970	40,970	40,241
Other Professional Services	330	330	123
IT Support Services	12,330	12,330	12,330
Telephone and Telemetering	13,310	13,310	13,154
Postage	590	590	560
Printing and Binding	330	830	469
Insurance	15,680	15,680	15,680
Travel	2,500	2,500	2,330
Laundry, Uniforms and Ind. Equipment	2,270	3,270	2,571
Training	5,250	5,250	2,769
Utilities	1,040	1,040	733
Power	411,230	500,530	496,708
Repairs and Maintenance - Collection	26,030	26,030	24,469
Repairs and Maintenance - Equipment	12,170	23,170	20,377
Repairs and Maintenance - Plant & Bldgs.	33,150	62,150	60,352
Repairs and Maintenance - Vehicles	3,450	3,450	1,946
<b>Total Forward</b>	<b>643,670</b>	<b>797,470</b>	<b>759,399</b>

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
<b>Total Forward</b>	<b>\$ 643,670</b>	<b>\$ 797,470</b>	<b>\$ 759,399</b>
Off-site Sludge Disposal	97,770	186,450	181,816
Rental - Machinery and Equipment	10,020	26,020	24,984
Interfund Services and Charges	78,730	79,580	78,315
Administrative Overhead	112,200	112,200	112,200
<b>Total</b>	<b>942,390</b>	<b>1,201,720</b>	<b>1,156,714</b>
<b>TOTAL OPERATING EXPENSES EXCLUSIVE OF DEPRECIATION AND AMORTIZATION</b>	<b>1,558,990</b>	<b>1,810,450</b>	<b>1,760,367</b>
<b>CAPITAL OUTLAYS - Machinery &amp; Equipment*</b>	<b>23,200</b>	<b>11,740</b>	<b>10,340</b>
<b>DEBT SERVICE:</b>			
Bond Principal Payments	1,220,000	1,220,000	1,220,000
Interest on Long-Term Debt**	723,030	723,030	723,028
Paying Agent Fees	1,000	1,000	1,424
SEC Disclosure Fees	30,340	30,340	28,000
<b>TOTAL DEBT SERVICE</b>	<b>1,974,370</b>	<b>1,974,370</b>	<b>1,972,452</b>
<b>TOTAL</b>	<b>\$ 3,556,560</b>	<b>\$ 3,796,560</b>	<b>\$ 3,743,159</b>

\* Capital outlays for construction are excluded. Those budgets are adopted on a project basis.

\*\* For Interest on Long-Term Debt, amounts represent interest expense net of amount paid from escrow and excludes amortization of bond premium and deferred amount on refunding.

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**TAB 2**

A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD  
APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE FROM THE CLEAN  
WATER STATE REVOLVING FUND  
THROUGH THE PROPOSED PURCHASE OF  
\$27,225,000 TRINITY RIVER AUTHORITY – DENTON CREEK REGIONAL  
WASTEWATER SYSTEM CONTRACT REVENUE BONDS,  
PROPOSED SERIES 2009

(08-109)

WHEREAS, Trinity River Authority (the “*Authority*”) has filed an application for financial assistance for its Denton Creek Regional Wastewater Treatment System in the amount of \$27,225,000 from the Clean Water State Revolving Fund to finance wastewater system improvements; and

WHEREAS, the Authority seeks financial assistance from the Texas Water Development Board (the “*Board*”) through the Board’s proposed purchase of \$27,225,000 Trinity River Authority – Denton Creek Regional Wastewater System Contract Revenue Bonds, Proposed Series 2009, (the “*Obligations*”), all as is more specifically set forth in the application and in recommendations of the Board’s Project Finance and Construction Assistance staff, to which documents express reference is made; and

WHEREAS, in accordance with §15.607, Water Code, the Board hereby finds:

1. that in its opinion the revenue and/or taxes pledged by the Authority will be sufficient to meet all the obligations assumed by the Authority;
2. that the application and financial assistance requested meet the requirements of the Federal Water Pollution Control Act, 33 U.S.C. 1251 *et seq.* (1972), as amended, as well as state law;
3. that the Authority will consider cost-effective, innovative methods of treatment; and
4. that the Authority has adopted and is implementing a water conservation program for the more efficient use of water that will meet reasonably anticipated local needs and conditions and that incorporates practices, techniques or technology prescribed by the Texas Water Code and Board’s rules and, to the extent practicable, will assist its member cities in implementing their water conservation plans.

NOW THEREFORE, based on these considerations and findings, the Texas Water Development Board resolves as follows:

A commitment is made by the Board to Trinity River Authority – Denton Creek Regional Wastewater System for financial assistance in the amount of \$27,225,000 from the Clean Water State Revolving Fund, to be evidenced by the Board’s proposed purchase of \$27,225,000 Trinity

River Authority – Denton Creek Regional Wastewater System Contract Revenue Bonds, Proposed Series 2009. This commitment will expire on October 31, 2010.

Such commitment is conditioned as follows:

1. this commitment is contingent on a future sale of bonds by the Board or on the availability of funds on hand;
2. this commitment is contingent upon issuance of a written approving opinion of the Attorney General of the State of Texas stating that all of the requirements of the laws under which said obligations were issued have been complied with; that said obligations were issued in conformity with the Constitution and laws of the State of Texas; and that said obligations are valid and binding obligations of the Authority;
3. this commitment is contingent upon the Authority's compliance with all applicable requirements contained in the rules and regulations of the Board;
4. the Authority's bond counsel must prepare a written opinion that states that the interest on the obligations is excludable from gross income or is exempt from federal income taxation. Bond counsel may rely on covenants and representations of the District when rendering this opinion;
5. the Authority's bond counsel must also state in the written opinion that the obligations are not "private activity bonds." Bond counsel may rely on covenants and representations of the District when rendering this opinion;
6. the ordinance/resolution authorizing the issuance of these obligations, (hereinafter referred to as the "*Authorizing Document*"), must include a provision prohibiting the Authority from using the proceeds of this loan in a manner that would cause the obligations to become "private activity bonds";
7. the Authorizing Document must include a provision requiring the Authority to comply with the provisions of §148 of the Internal Revenue Code of 1986 (relating to arbitrage);
8. the Authorizing Document must include a provision requiring the Authority to make any required rebate to the United States of arbitrage earnings;
9. the Authorizing Document must include a provision prohibiting the Authority from taking any action which would cause the interest on the obligations to be includable in gross income for federal income tax purposes;
10. the Authorizing Document must provide that the obligations can be called for early redemption only in inverse order of maturity, and on any date beginning on or after the first interest payment date which is 10 years from the dated date of the obligations, at a redemption price of par, together with accrued interest to the date fixed for redemption;

11. the Authorizing Document must provide that the Authority will not cause or permit the obligations to be treated as "federally guaranteed" obligations within the meaning of §149(b) of the Internal Revenue Code;
12. the bond transcript must include a No Arbitrage Certificate or similar Federal Tax Certificate setting forth the Authority's reasonable expectations regarding the use, expenditure and investment of the proceeds of the obligations;
13. the bond transcript must include evidence that the information reporting requirements of §149(e) of the Internal Revenue Code of 1986 will be satisfied. This requirement is currently satisfied by filing IRS Form 8038 with the Internal Revenue Service. A completed copy of IRS Form 8038 must be provided to the Executive Administrator of the Board prior to the release of funds;
14. the Authority, or an obligated person for whom financial or operating data is presented to the Board in the application for financial assistance either individually or in combination with other issuers of the Authority's obligations or obligated persons, will, at a minimum, covenant to comply with requirements for continuing disclosure on an ongoing basis substantially in the manner required by Securities and Exchange Commission ("SEC") rule 15c2-12 and determined as if the Board were a Participating Underwriter within the meaning of such rule, such continuing disclosure undertaking being for the benefit of the Board and the beneficial owner of the Authority's obligations, if the Board sells or otherwise transfers such obligations, and the beneficial owners of the Board's bonds if the Authority is an obligated person with respect to such bonds under SEC rule 15c2-12;
15. the Authorizing Document must contain a provision requiring the Authority to maintain and collect sufficient rates and charges to produce net system revenues in an amount necessary to meet the debt service requirements of all outstanding revenue bonds and to maintain the funds established and required by this ordinance;
16. prior to closing, the Authority shall submit documentation evidencing the adoption and implementation of sufficient system rates and charges or, if applicable, the levy of an interest and sinking tax rate sufficient for the repayment of all system debt service requirements;
17. prior to or at closing, the Authority shall pay a 1.85% origination fee to the Board calculated pursuant to Board rules;
18. loan proceeds shall not be used by the Authority when sampling, testing, removing or disposing of contaminated soils and/or media at the project site. The Authorizing Document shall include an environmental indemnification provision wherein the Authority agrees to indemnify, hold harmless and protect the TWDB from any and all claims, causes of action or damages to the person or property of third parties arising from the sampling, analysis, transport, storage, treatment and disposition of any contaminated sewage sludge, contaminated sediments and/or contaminated media that may be generated by the Authority, its contractors, consultants, agents, officials and employees as a result of activities relating to the project to the extent permitted by law; and

19. the Authority may be required to submit outlay reports with sufficient supporting documentation (e.g; invoices, receipts) on a quarterly basis. The Board shall retain the right to request project progress reports and outlay reports monthly as the project proceeds through each project phase;
20. At the Board's option, the Board may fund the financial assistance under this Resolution with either available cash-on-hand or from bond proceeds. If the financial assistance is funded with available cash-on-hand, the Board reserves the right to change the designated source of funds to bond proceeds issued for the purpose of reimbursing funds used to provide the financial assistance approved in this Resolution; and
21. Should one or more of the provisions in this resolution be held to be null, void, voidable or, for any reason whatsoever, of no force and effect, such provision(s) shall be construed as severable from the remainder of this resolution and shall not affect the validity of all other provisions of this resolution which shall remain in full force and effect.

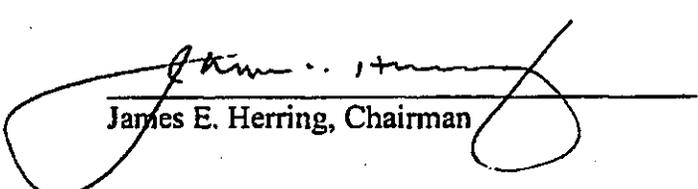
PROVIDED, however, the Authorizing Document is subject to the following special conditions:

22. The Authorizing Document contain a provision that stating that the Authority will maintain rates and charges to the Contracting Parties sufficient to meet the debt service requirements on the outstanding obligations of the Authority that are supported by such revenues, and that the Authority will require in its contracts with the Contracting Parties that the Contracting Parties maintain rates and charges for its water and sewer systems sufficient to pay the Contracting Parties obligations secured by and made payable from the revenues derived from the operation of its water and sewer systems;
23. Upon request by the Executive Administrator, the Authority shall submit annual audits of Contracting Parties for the Executive Administrator's review;
24. If a reserve fund is funded with proceeds from this loan, then that reserve fund shall be used solely for the purpose of retiring the last bond payment, paying principal and interest when and to the extent the amounts in the interest and sinking fund are insufficient to satisfy the debt service requirements, or for purposes otherwise authorized by the Board's Executive Administrator.
25. The loan is approved for funding under the Board's pre-design funding option as specified in Board rule 31 TAC §375.39, and initial and future releases of funds are subject to all rules of the Board relating to such funding option;
26. If a municipal bond guarantee insurance policy is utilized:
  - (a) sixty (60) days prior to closing, a draft of the policy shall be provided to the Board's Executive Administrator for a determination on whether the policy is appropriate security in accordance with Board policies;

- (b) prior to closing, the executed underlying documents of the policy shall be provided, the form and substance of which is satisfactory to the Board's Executive Administrator; and
  - (c) prior to closing, the Attorney General's Office will have considered the use of such policy as a part of its approval of the proposed bond issue;
27. Prior to closing, the Authority shall adopt and provide an executed copy of a Trust Agreement, in a form acceptable to the Development Fund Manager, addressing the deposit of bond sales into a Trust Fund;
28. Prior to closing, the Authority shall submit copies of each of its member cities' water conservation plans; and
29. Subject to the availability of funds, the Authority's debt structure or the timing of its funding needs, the Development Fund Manager of the Board may request that the Authority execute a separate financing agreement with the Board.

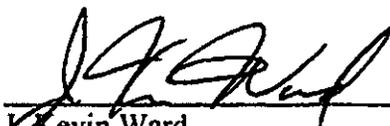
APPROVED and ordered of record this, the 28<sup>th</sup> day of October, 2008.

TEXAS WATER DEVELOPMENT BOARD



James E. Herring, Chairman

ATTEST:



Kevin Ward  
Executive Administrator



**TAB 3**

RESOLUTION NO. R-1283

**CERTIFICATE FOR  
RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF TRINITY RIVER  
AUTHORITY OF TEXAS DENTON CREEK REGIONAL WASTEWATER TREATMENT  
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 28TH DAY OF OCTOBER, 2009, at the designated meeting place, and the roll was called of the duly constituted officers and members of said Board, to-wit:

Michael Cronin, President	Jess A. Laird
Linda D. Timmerman, Ed.D., Vice President	Nancy E. Lavinsky
Howard S. Slobodin, Secretary	David Leonard
Harold L. Barnard	Andrew Martinez
Herschel S. Brannen III	Kevin Maxwell
Karl R. Butler	Barbara Nash
Patricia Carlson	James W. Neale
Steve Cronin	Manny Rachal
Amanda Davis	Amir Rupani
Ronald Goldman	AnaLaura Saucedo
Martha A. Hernandez	Shirley K. Seale
John W. Jenkins	J. Carol Spillars
Keith W. Kidd	Kim C. Wyatt

and, at the time of adoption of the resolution hereinafter described, all of said persons were present and voted, except the following absentees: Nancy E. Lavinsky, J. Carol Spillars and Kim C. Wyatt. 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 DENTON CREEK REGIONAL WASTEWATER TREATMENT  
SYSTEM REVENUE BONDS AND APPROVING AND AUTHORIZING INSTRUMENTS AND  
PROCEDURES RELATING THERETO**

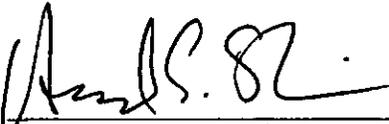
was duly introduced for the consideration of said Board and duly read. It was then duly moved and seconded that said Resolution be adopted; and, after due discussion, said motion, carrying with it the adoption of said resolution, prevailed and carried with all members present voting "AYE" except the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

NAY: None.

ABSTAIN: None.

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

SIGNED AND SEALED the 28th day of October, 2009.



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Secretary, Board of Directors,  
Trinity River Authority of Texas

(AUTHORITY SEAL)

RESOLUTION NO. R-1283

RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF TRINITY RIVER AUTHORITY OF TEXAS DENTON CREEK REGIONAL WASTEWATER TREATMENT 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"); and

WHEREAS, a "Trinity River Authority of Texas - Denton Creek Regional Wastewater Treatment System Contract" (the "Base Contract"), dated as of October 28, 1987, has been duly executed between Trinity River Authority of Texas (hereinafter called the "Issuer" or the "Authority") and the Cities of Fort Worth, Haslet, and Roanoke, Texas, with respect to the acquisition and construction by the Issuer, for the benefit of said cities, of a Denton Creek regional wastewater treatment "System", as described and defined in the Base Contract; and

WHEREAS, as permitted by the Base Contract, and each subsequent supplemental contract, the Issuer has entered into the following supplemental contracts:

"Trinity River Authority of Texas - Denton Creek Regional Wastewater Treatment System Supplemental Contract (City of Southlake and Lake Turner Municipal Utility District No. 1)" (the "First Supplemental Contract"), dated as of April 27, 1988;

"Trinity River Authority of Texas - Denton Creek Regional Wastewater Treatment System Second Supplemental Contract (City of Keller, Texas)" (the "Second Supplemental Contract"), dated as of April 22, 1992;

"Trinity River Authority of Texas - Denton Creek Regional Wastewater Treatment System Third Supplemental Contract (Lake Turner Municipal Utility District No. 3)" (the "Third Supplemental Contract"), dated as of August 24, 1994;

"Trinity River Authority of Texas - Denton Creek Regional Wastewater Treatment System Fourth Supplemental Contract (Town of Flower Mound, Texas)" (the "Fourth Supplemental Contract"), dated as of March 1, 2000;

"Trinity River Authority of Texas - Denton Creek Regional Wastewater Treatment System Fifth Supplemental Contract (Town of Westlake, Texas)" (the "Fifth Supplemental Contract"), dated as of March 1, 2000;

"Trinity River Authority of Texas - Denton Creek Regional Wastewater Treatment System Sixth Supplemental Contract (Town of Northlake, Texas)" (the "Sixth Supplemental Contract"), dated as of December 1, 2001;

"Trinity River Authority of Texas - Denton Creek Regional Wastewater Treatment System Seventh Supplemental Contract (Town of Argyle, Texas)", dated as of December 6, 2006 and amended as of December 5, 2007 (the "Seventh Supplemental Contract"); and

WHEREAS, the Base Contract and the First, Second, Third, Fourth, Fifth, Sixth and Seventh Supplemental Contracts are hereby referred to and adopted for all purposes, the same as if they had been set forth in their entirety in this Resolution; and

WHEREAS, as permitted by said contracts the Issuer has duly issued the following series of bonds:

Trinity River Authority of Texas Denton Creek Regional Wastewater Treatment System Revenue Bonds, Series 1988 (the "Series 1988 Bonds"), which issue is no longer outstanding;

Trinity River Authority of Texas Denton Creek Regional Wastewater Treatment System Revenue Refunding Bonds, Series 1993 (the "Series 1993 Bonds"), which issue is no longer outstanding;

Trinity River Authority of Texas Denton Creek Regional Wastewater Treatment System Revenue Bonds, Series 1996 (the "Series 1996 Bonds");

Trinity River Authority of Texas Denton Creek Regional Wastewater Treatment System Revenue Bonds, Series 2000 (the "Series 2000 Bonds");

Trinity River Authority of Texas Denton Creek Regional Wastewater Treatment System Revenue Improvement and Refunding Bonds, Series 2003 (the "Series 2003 Bonds");

Trinity River Authority of Texas Denton Creek Regional Wastewater Treatment System Revenue Improvement Bonds, Series 2006 (the "Series 2006 Bonds");

Trinity River Authority of Texas Denton Creek Regional Wastewater Treatment System Revenue Improvement Bonds, Series 2007 (the "Series 2007 Bonds");

Trinity River Authority of Texas Denton Creek Regional Wastewater Treatment System Revenue Bonds, Series 2008 (the "Series 2008 Bonds"); and

WHEREAS, the resolutions of the Issuer authorizing the issuance of the Series 1996 Bonds, the Series 2000 Bonds, the Series 2003 Bonds, the Series 2006 Bonds, the Series 2007 Bonds and the Series 2008 Bonds provide for the issuance of additional parity revenue bonds for the acquisition and construction of improvements and extensions to the System; and

WHEREAS, the Issuer has determined to issue the bonds (the "Bonds") hereinafter authorized on a parity with the Series 1996 Bonds, Series 2000 Bonds, Series 2003 Bonds, Series 2006 Bonds, Series 2007 Bonds and Series 2008 Bonds to be outstanding after the delivery of the Bonds to obtain funds to acquire and construct improvements and extensions to the System; and

WHEREAS, the Bonds authorized to be issued by this resolution (the "Bond Resolution" or "Resolution") are to be issued and delivered pursuant to the Authority Act, Chapter 30, Texas Water Code, as amended, Chapter 1371, Texas Government Code, as amended, and other applicable laws; and

WHEREAS, the Base Contract and the First, Second, Third, Fourth, Fifth, Sixth and Seventh Supplemental Contracts authorize the Issuer to issue the Bonds in the manner and amount and with the security, as hereinafter provided.

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

Section 1. RECITALS, AMOUNT AND PURPOSE OF THE BONDS. The Board of Directors hereby incorporates the recitals set forth in the preamble hereto as if set forth in full at this place and further finds and determines that said recitals are true and correct. In order to obtain funds to pay for the acquisition and construction of improvements and extensions to the Denton Creek Regional

Wastewater Treatment System, 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 \$27,225,000.

Section 2. DESIGNATION, DATE, DENOMINATIONS, NUMBERS, MATURITIES AND SALE OF BONDS. (a) Each bond issued pursuant to this Resolution shall, subject to paragraph (b) of this section, be designated: "TRINITY RIVER AUTHORITY OF TEXAS DENTON CREEK REGIONAL WASTEWATER TREATMENT SYSTEM REVENUE BOND, SERIES \_\_\_\_."

(b) As authorized by Chapter 1371, Texas Government Code, as amended, the General Manager of the Issuer is hereby designated as the "Authorized Officer" of the Issuer, and is hereby authorized, appointed, and designated as the officer or employee of the Issuer authorized to act on behalf of the Issuer in the selling and delivering of the Bonds and carrying out the other procedures specified in this Resolution, including the use of a book-entry-only system with respect to the Bonds and the execution of an appropriate letter of representations if deemed appropriate, the determining and fixing of the date of the Bonds, any additional or different designation or title by which the Bonds shall be known, the price at which the Bonds will be sold, the aggregate principal amount of the Bonds and the amount of each maturity of principal thereof, the due date of each such maturity (not exceeding forty years from the date of the Bonds), the rate of interest to be borne by each such maturity, the interest payment dates and periods, the dates, price and terms upon and at which the Bonds shall be subject to redemption prior to due date or maturity at the option of the Issuer, any mandatory sinking fund redemption provisions, procuring municipal bond insurance, and approving modifications to this Resolution and executing such instruments, documents and agreements as may be necessary with respect thereto, if it is determined that such insurance would be financially desirable and advantageous, and all other matters relating to the issuance, sale and delivery of the Bonds. The Authorized Officer, acting for and on behalf of the Issuer, is authorized to arrange for the Bonds to be sold, in one or more issues, at negotiated sale to the Texas Water Development Board, at such price, in an amount not to exceed the aggregate principal amount set forth above, 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 mutually acceptable. 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 is further authorized, for and on behalf of the Issuer, to approve any notice of sale, bidding forms, official statement, and any supplements thereto relating to the Bonds and referred to in any such certification. It is further provided, however, that, notwithstanding the foregoing provisions, the Bonds shall not be delivered unless, prior to their delivery, the Bonds have been rated by a nationally recognized rating agency for municipal long term obligations, as required by said Chapter 1371, Texas Government Code, as amended.

Section 3. CHARACTERISTICS OF THE BONDS. Registration, Transfer, Conversion and Exchange; Authentication. (a) The Issuer shall keep or cause to be kept at the principal corporate trust office of The Bank of New York Mellon Trust Company, National Association, Dallas, Texas (the "Paying Agent/Registrar") books or records for the registration of the transfer, conversion and exchange of the Bonds (the "Registration Books"), and the Issuer hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such registrations of transfers, conversions and exchanges under such reasonable regulations as the Issuer and Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such registrations, transfers, conversions and exchanges as herein provided. The Paying Agent/Registrar shall obtain and record in the Registration Books the address of the registered owner of each Bond to which payments with respect to the Bonds shall be mailed, as herein provided; but it shall be the duty of each registered owner to notify the Paying Agent/Registrar in writing of the address to which payments shall be mailed, and such interest payments shall not be mailed unless such notice has been given. The Issuer shall have the right to inspect the Registration Books during regular business hours of the Paying Agent/Registrar, but otherwise the

Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity. The Issuer shall pay the Paying Agent/Registrar's standard or customary fees and charges for making such registration, transfer, conversion, exchange and delivery of a substitute Bond or Bonds. Registration of assignments, transfers, conversions and exchanges of Bonds shall be made in the manner provided and with the effect stated in the FORM OF BOND set forth in this Resolution. Each substitute Bond shall bear a letter and/or number to distinguish it from each other Bond.

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

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

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

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

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

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

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

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

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

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

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

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

Section 4. FORM OF BONDS. The form of the Bonds, including the form of Paying Agent/Registrar's Authentication Certificate, the form of Assignment and the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas to be attached to the Bonds initially issued and delivered pursuant to this Resolution, shall be, respectively, substantially as follows,



Bonds, all payments of principal and interest will be made in wire transfer form at no cost to the TWDB. 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 Authority. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each owner of a Bond appearing on the Registration Books at the close of business on the last business day next preceding the date of mailing of such notice.

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

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

THIS BOND is one of a Series of Bonds dated \_\_\_\_\_, authorized in accordance with the Constitution and laws of the State of Texas in the principal amount of \$\_\_\_\_\_, IN ORDER TO OBTAIN FUNDS TO PAY THE COSTS OF THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE DENTON CREEK REGIONAL WASTEWATER TREATMENT SYSTEM.

ON \_\_\_\_\_, \_\_\_\_\_, or on any date thereafter, the Bonds of this Series may be redeemed prior to their scheduled maturities, at the option of the Authority, with funds derived from any available and lawful source, as a whole, or in part in inverse order of maturity, and, if in part, the particular Bonds to be redeemed shall be selected and designated by the Authority, at the redemption price of the principal amount, plus accrued interest to the date fixed for redemption.

AT LEAST 30 days prior to the date fixed for any redemption of Bonds or portions thereof prior to maturity a written notice of such redemption shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, to the registered owner of each Bond to be redeemed at its address as it appeared on the day such notice of redemption is mailed and to major securities depositories, national bond rating agencies and bond information services; provided, however, that the failure of the registered owner to receive such notice, or any defect therein or in the sending or mailing thereof, shall not affect the validity or effectiveness of the proceedings for the redemption of any Bond. By the date fixed for any such redemption, due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for the Bonds or portions thereof which are to be so redeemed. If such written notice of redemption is sent and if due provision for such payment is made, all as provided above, the Bonds or portions thereof which are to be so redeemed thereby automatically shall be treated as redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the

registered owner to receive the redemption price from the Paying Agent/Registrar out of the funds provided for such payment. If a portion of any Bond shall be redeemed a substitute Bond or Bonds having the same maturity date, bearing interest at the same rate, in any denomination or denominations in any integral multiple of \$5,000, at the written request of the registered owner, and in aggregate amount equal to the unredeemed portion thereof, will be issued to the registered owner upon the surrender thereof for cancellation, at the expense of the Issuer, all as provided in the Bond Resolution.

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

ALL BONDS OF THIS SERIES are issuable solely as fully registered Bonds, without interest coupons, in the denomination of any integral multiple of \$5,000. As provided in the Bond Resolution, this Bond, or any unredeemed portion hereof, may, at the request of the registered owner or the assignee or assignees hereof, be assigned, transferred, converted into and exchanged for a like aggregate principal amount of fully registered Bonds, without interest coupons, payable to the appropriate registered owner, assignee or assignees, as the case may be, having the same denomination or denominations in any integral multiple of \$5,000 as requested in writing by the appropriate registered owner, assignee or assignees, as the case may be, upon surrender of this Bond to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Bond Resolution. Among other requirements for such assignment and transfer, this Bond must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Bond or any portion or portions hereof in any integral multiple of \$5,000 to the assignee or assignees in whose name or names this Bond or any such portion or portions hereof is or are to be registered. The form of Assignment printed or endorsed on this Bond may be executed by the registered owner to evidence the assignment hereof, but such method is not exclusive, and other instruments of assignment satisfactory to the Paying Agent/Registrar may be used to evidence the assignment of this Bond or any portion or portions hereof from time to time by the registered owner. The Paying Agent/Registrar's reasonable standard or customary fees and charges for assigning, transferring, converting and exchanging any Bond or portion thereof will be paid by the Issuer. In any circumstance, any taxes or governmental charges required to be paid with respect thereto shall be paid by the one requesting such assignment, transfer, conversion or exchange, as a condition precedent to the exercise of such privilege. The Paying Agent/Registrar shall not be required to make any such transfer, conversion, or exchange (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or, (ii) with respect to any Bond or any portion thereof called for redemption prior to maturity, within 30 days prior to its redemption date.

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

IT IS HEREBY certified, recited, and covenanted that this Bond has been duly and validly authorized, issued, sold, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this Bond

have been performed, existed, and been done in accordance with law; that this Bond and other parity bonds, are special obligations of the Issuer payable from and secured by a first lien on and pledge of the "Pledged Revenues", as defined in the Bond Resolution, which include payments and amounts derived by the Issuer from various contracts styled "Trinity River Authority of Texas - Denton Creek Regional Wastewater Treatment System Contract," between the Issuer and the Cities of Fort Worth, Haslet, Keller, Roanoke and Southlake, Texas, the Towns of Argyle, Flower Mound, Northlake and Westlake, Texas and Circle T Municipal Utility District Nos. 1 and 3 of Tarrant and Denton Counties, Texas.

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

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

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

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

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

\_\_\_\_\_  
Secretary, Board of Directors  
Trinity River Authority of Texas

\_\_\_\_\_  
President, Board of Directors,  
Trinity River Authority of Texas

(SEAL)

FORM OF  
PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

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

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

in exchange for, a bond, bonds, or a portion of a bond or bonds of a Series which originally was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

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

By \_\_\_\_\_  
Authorized Representative

FORM OF ASSIGNMENT

ASSIGNMENT

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

\_\_\_\_\_  
Please insert Social Security or Taxpayer  
Identification Number of Transferee

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

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

Dated: \_\_\_\_\_

Signature Guaranteed:

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

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

FORM OF REGISTRATION CERTIFICATE OF  
THE COMPTROLLER OF PUBLIC ACCOUNTS:

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO.

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

Witness my signature and seal this

\_\_\_\_\_  
Comptroller of Public Accounts  
of the State of Texas

(COMPTROLLER'S SEAL)

5. **DEFINITIONS.** The definitions set forth in the preamble hereto are incorporated herein as if set forth in this section. As used in this Resolution the following terms shall have the meanings set forth below, unless the text hereof specifically indicates otherwise:

The terms "Authority" and "Issuer" shall have the meaning set forth in the preamble.

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

The terms "Bond Resolution" and "Resolution" mean this resolution adopted by the Board of Directors of the Issuer on October 28, 2009, authorizing the issuance of the Bonds.

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

The term "Parity Bonds" means collectively (i) the Bonds and (ii) any Series 1996 Bonds, Series 2000 Bonds, Series 2003 Bonds, Series 2006 Bonds, Series 2007 Bonds and Series 2008 Bonds which will be outstanding and payable from the Pledged Revenues after the delivery of the Bonds.

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

The terms "Denton Creek System" and "System" mean all of the Issuer's wastewater reception, treatment, and disposal facilities, as described and defined in the Contracts, serving the Contracting Parties in the area of the watershed or drainage basin of Denton Creek (a tributary of the Trinity River) in Denton and Tarrant Counties, Texas, together with all improvements and additions to and extensions, enlargements, and replacements of such facilities. However, said terms do not include any facilities acquired or constructed by the Issuer with the proceeds from the issuance of "Special Facilities Bonds", which are hereby defined as being revenue obligations of the Issuer which are not issued as Additional Bonds, and which are payable from any source, contract, or revenues whatsoever other than the Pledged Revenues; and Special Facilities Bonds may be issued for any lawful purpose and made payable from any source, contract, or revenues whatsoever other than the Pledged Revenues.

The term "Initial Contracting Parties" means the Cities of Fort Worth, Haslet, and Roanoke, Texas.

The term "First Supplemental Contracting Parties" means the City of Southlake, Texas, and Circle T Municipal Utility District No. 1 of Tarrant and Denton Counties, Texas (formerly Lake Turner Municipal Utility District No. 1 of Tarrant and Denton Counties, Texas).

The term "Second Supplemental Contracting Party" means the City of Keller, Texas.

The term "Third Supplemental Contracting Party" means Circle T Municipal Utility District No. 3 of Tarrant and Denton Counties, Texas (formerly Lake Turner Municipal Utility District No. 3 of Tarrant and Denton Counties, Texas).

The term "Fourth Supplemental Contracting Party" means the Town of Flower Mound, Texas.

The term "Fifth Supplemental Contracting Party" means the Town of Westlake, Texas.

The term "Sixth Supplemental Contracting Party" means the Town of Northlake, Texas.

The term "Seventh Supplemental Contracting Party" means the Town of Argyle, Texas.

The term "Contracting Parties" means the Initial Contracting Parties, the First Supplemental Contracting Parties, the Second Supplemental Contracting Party, the Third Supplemental Contracting Party, the Fourth Supplemental Contracting Party, the Fifth Supplemental Contracting Party, the Sixth Supplemental Contracting Party, the Seventh Supplemental Contracting Party, and any other entity which becomes an Additional Contracting Party and therefore a Contracting Party pursuant to the Base Contract, the First Supplemental Contract, the Second Supplemental Contract, the Third Supplemental Contract, the Fourth Supplemental Contract, the Fifth Supplemental Contract, the Sixth Supplemental Contract and the Seventh Supplemental Contract.

The term "Base Contract" means the Trinity River Authority of Texas-Denton Creek Regional Wastewater Treatment System Contract, dated October 28, 1987, between the Issuer and the Initial Contracting Parties.

The term "First Supplemental Contract" means the Trinity River Authority of Texas - Denton Creek Regional Wastewater Treatment System Supplemental Contract (City of Southlake and Lake Turner Municipal Utility District No. 1), dated April 27, 1988, between the Issuer and the First Supplemental Contracting Parties.

The term "Second Supplemental Contract" means the Trinity River Authority of Texas - Denton Creek Regional Wastewater Treatment System Second Supplemental Contract (City of Keller, Texas), dated April 22, 1992, between the Issuer and the Second Supplemental Contracting Party.

The term "Third Supplemental Contract" means the Trinity River Authority of Texas - Denton Creek Regional Wastewater Treatment System Third Supplemental Contract (Lake Turner Municipal Utility District No. 3), dated August 24, 1994, between the Issuer and the Third Supplemental Contracting Party.

The term "Fourth Supplemental Contract" means the Trinity River Authority of Texas - Denton Creek Regional Wastewater Treatment System Fourth Supplemental Contract (Town of Flower Mound, Texas), dated March 1, 2000, between the Issuer and the Fourth Supplemental Contracting Party.

The term "Fifth Supplemental Contract" means the Trinity River Authority of Texas - Denton Creek Regional Wastewater Treatment System Fifth Supplemental Contract (Town of Westlake, Texas), dated March 1, 2000, between the Issuer and the Fifth Supplemental Contracting Party.

The term "Sixth Supplemental Contract" means the Trinity River Authority of Texas - Denton Creek Regional Wastewater Treatment System Sixth Supplemental Contract (Town of Northlake, Texas), dated December 1, 2001, between the Issuer and the Sixth Supplemental Contracting Party.

The term "Seventh Supplemental Contract" means the Trinity River Authority of Texas - Denton Creek Regional Wastewater Treatment System Sixth Supplemental Contract (Town of Argyle, Texas), dated December 6, 2006, as amended on December 5, 2007, between the Issuer and the Seventh Supplemental Contracting Party.

The term "Contracts" means collectively (a) the Base Contract, (b) the First Supplemental Contract, (c) the Second Supplemental Contract, (d) the Third Supplemental Contract, (e) the Fourth Supplemental Contract, (f) the Fifth Supplemental Contract, (g) the Sixth Supplemental Contract, (h) the Seventh Supplemental Contract, (i) any contracts with any entity which becomes an Additional Contracting Party and therefore a Contracting Party pursuant to the Base Contract, and (j) all other contracts and agreements executed between the Issuer and other entities in connection with the services of the System.

The terms "Gross Revenues of the System" and "Gross Revenues" mean all of the revenues, income, rentals, rates, fees, and charges of every nature derived by the Issuer from the operation and/or ownership of the System, including specifically all payments and amounts received by the Issuer from Contracts, and any income from the investment of money in any Funds created by this Resolution, excepting any amounts required to be rebated to the Internal Revenue Service in accordance with this Resolution.

The term "Operation and Maintenance Expenses" means all costs and expenses of operation and maintenance of the System, including (for greater certainty but without limiting the generality of the foregoing) repairs and replacements for which no special fund is created in the resolutions authorizing the issuance of Parity Bonds, operating personnel, the cost of utilities, the costs of supervision, engineering, accounting, auditing, legal services, supplies, services, administration of the System, including general overhead expenses of the Issuer attributable to the System, insurance premiums, equipment necessary for proper operation and maintenance of the System, and payments made by the Issuer in satisfaction of judgments resulting from claims not covered by the Issuer's insurance arising in connection with the operation and maintenance of the System. The term also includes the charges of the bank or banks and other entities acting as paying agents and/or registrars for any Bonds. The term does not include depreciation.

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

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

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

Section 6. PLEDGE. (a) The Bonds authorized by this Resolution are "Additional Bonds" as permitted by Sections 18 and 19 of the resolutions authorizing the issuance of the Series 1996 Bonds, the Series 2000 Bonds, the Series 2003 Bonds, Series 2006 Bonds, Series 2007 Bonds and Series 2008 Bonds, and Sections 5 through 21 of this Resolution are supplemental to and cumulative of Sections 5 through 21 of the resolutions authorizing the issuance of the Series 1996 Bonds, Series 2000 Bonds, Series 2003 Bonds, Series 2006 Bonds, Series 2007 Bonds and Series 2008 Bonds, with Sections 5 through 21 of this Resolution to be applicable to all Parity Bonds. The Parity Bonds and any Additional Bonds, and the interest thereon, are and shall be secured equally and ratably on a parity by and payable from a first lien on and pledge of the Pledged Revenues, and the Pledged Revenues are further pledged to the establishment and maintenance of the Interest and Sinking Fund, the Reserve Fund, and the Contingency Fund as provided in this Resolution.

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

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

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

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

Section 10. CONTINGENCY FUND. There has been created and there shall be established and maintained on the books of the Issuer a separate fund to be entitled the "Trinity River Authority of Texas Denton Creek Regional Wastewater Treatment System Revenue Bonds Contingency Fund" (hereinafter called the "Contingency Fund"). The Contingency Fund shall be used solely for the purpose of paying the costs of improvements, enlargements, extensions or additions, or other capital expenditures relating to the System, and unexpected or extraordinary repairs or replacements of the System for which System funds are not otherwise available, or for paying unexpected or extraordinary

Operation and Maintenance Expenses of the System for which System funds are not otherwise available, or for paying principal of and interest on any Parity Bonds or Additional Bonds, when and to the extent the amount in the Interest and Sinking Fund is insufficient for such purpose.

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

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

(a) promptly after the delivery of the Bonds the Issuer shall cause to be deposited to the credit of the Interest and Sinking Fund, from the proceeds received from the sale and delivery of the Bonds, the accrued interest received, if any, plus a sum of money sufficient to pay interest on the Bonds issued for the acquisition and construction of the Project for a period not exceeding 24 months following the delivery of the Bonds, as designated by the Authorized Officer, and such deposit shall be used to pay part of the interest coming due on the Bonds during the period of the acquisition and construction of improvements and extensions to the System.

(b) on or before the last day of January, 2010, and semiannually thereafter, on or before the last day of each January and July, an amount sufficient, together with other amounts, if any, then on hand in the Interest and Sinking Fund and available for such purpose, to pay the interest and/or principal and interest scheduled to accrue and come due on the Parity Bonds and any Additional Bonds on the next succeeding interest payment date.

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

Section 13. RESERVE REQUIREMENTS. Immediately after the delivery of the Bonds, the Issuer will deposit in the Reserve Fund an amount of money derived from the sale of the Bonds which, when added to the amount of money and investments now on deposit will at least equal in market value the average annual principal and interest requirements of the Parity Bonds (the "Reserve Required Amount"). No deposits shall be made into the Reserve Fund as long as the money and investments in the Reserve Fund are at least equal in market value to the Reserve Required Amount; but if and whenever the market value of money and investments in the Reserve Fund is reduced below said Reserve Required Amount because of a decrease in market value of investments, then the Issuer shall require the Contracting Parties to increase their payments under their Contracts as soon as practicable, and in any event within one year, in an amount sufficient to restore the Reserve Fund to the Reserve Required Amount, and in the event the Reserve Fund is used to pay the principal of or interest on the Parity Bonds because of insufficient amounts being available in the Interest and Sinking Fund and/or the Contingency Fund, then the Issuer shall require the Contracting Parties to increase their payments under their Contracts in an amount sufficient to restore the Reserve Fund to the Reserve Required Amount in market value, and the Issuer shall deposit in the Reserve Fund, in approximately equal semiannual installments, such amounts as are required to restore the Reserve Fund to the Reserve Required Amount in market value within five years from any date of the use of the Reserve Fund to pay such principal or interest. If and whenever Additional Bonds are issued pursuant to Section 18, then the term "Reserve Required Amount" thereafter shall mean an amount in market value equal to the average annual principal and interest requirements of all Parity Bonds and Additional Bonds which will be outstanding after the issuance of each installment of Additional Bonds.

Section 14. CONTINGENCY REQUIREMENTS. There is currently on deposit in the Contingency Fund the sum of \$100,000. No additional deposits are required to be made to the credit of

the Contingency Fund unless and until such amount therein is reduced or depleted or unless the Issuer, upon the advice and recommendation of an independent engineer or firm of engineers, determines it necessary to increase such amount in order adequately to provide for contingencies related to the System, or unless the Issuer provides for an increase in such amount in any resolution authorizing Additional Bonds. If and when such amount in the Contingency Fund is reduced or depleted, or an increase in such amount has been provided for, then, subject and subordinate to making the required deposits to the credit of the Interest and Sinking Fund and the Reserve Fund, such reduction or depletion shall be restored, and/or such amount shall be increased, to the extent not otherwise funded, from amounts which shall be provided for such purpose in the Issuer's Annual Budget for the next ensuing fiscal year or years; provided that the Issuer is not required to budget more than one third of the amount to be accumulated for such purpose during any one fiscal year. So long as the Contingency Fund contains money and investments not less than the amount of \$100,000 (or the amount to which the Contingency Fund may be increased as aforesaid) in market value, any surplus in the Contingency Fund over said amount shall, immediately upon receipt, be deposited to the credit of the Interest and Sinking Fund.

Section 15. INVESTMENTS. (a) Money in any Fund maintained pursuant to this Resolution may, at the option of the Issuer, be placed in interest bearing time deposits with banks secured by obligations of the kind hereinafter described, or be invested in direct obligations of the United States of America, obligations the principal of and interest on which are guaranteed by the United States of America, or invested in direct obligations of the Federal Intermediate Credit Banks, Federal Land Banks, Banks for Cooperatives, or Federal Home Loan Banks. Such deposits and investments shall be made consistent with the estimated requirements of such Funds, and any obligation in which money is so invested shall be kept and held for the benefit of the owners of the Parity Bonds, and shall be promptly sold and the proceeds of sale applied to the making of all payments required to be made from the Fund from which the investment was made. All earnings from the deposit or investment of any such Fund shall be credited to such Fund, except that if on February 1 of any year the Reserve Fund should contain an amount in excess of the Reserve Required Amount in market value, such excess shall be deposited into the Interest and Sinking Fund. All investment earnings on deposit in the Interest and Sinking Fund shall reduce the amounts which otherwise would be required to be deposited therein. Uninvested money in any Fund shall be secured in the manner prescribed by law for securing funds of the Issuer.

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

Section 16. DEFICIENCIES; EXCESS PLEDGED REVENUES. (a) If on any occasion there shall not be sufficient Pledged Revenues to make the required deposits into the Interest and Sinking Fund, the Reserve Fund, and the Contingency Fund, then such deficiency shall be made up as soon as possible from the next available Pledged Revenues.

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

Section 17. PAYMENT OF PARITY BONDS AND ADDITIONAL BONDS. On or before February 1, 2010, and semiannually on or before each February 1 and August 1 thereafter while any of the Parity Bonds or Additional Bonds are outstanding and unpaid, the Issuer shall make available to the Paying Agent/Registrar, out of the Interest and Sinking Fund, or the Contingency Fund or the Reserve

Fund, if necessary, money sufficient to pay such interest on and such principal of the Parity Bonds and Additional Bonds as will be payable on each such February 1 and August 1.

Section 18. **ADDITIONAL BONDS.** (a) The Issuer shall have the right and power at any time and from time to time, and in one or more Series or issues, to authorize, issue, and deliver additional parity revenue bonds (herein called "Additional Bonds"), in accordance with law, in any amounts, for any lawful purpose related to the System, including the refunding of any Parity Bonds or Additional Bonds. Such Additional Bonds, if and when authorized, issued, and delivered in accordance with the provisions hereof, shall be secured by and made payable equally and ratably on a parity with the Parity Bonds, from a first lien on and pledge of the Pledged Revenues.

(b) The Interest and Sinking Fund, the Reserve Fund, and the Contingency Fund established pursuant to this Resolution shall secure and be used to pay all Additional Bonds as well as the Parity Bonds, all on a parity. However, each resolution under which Additional Bonds are issued shall provide and require that, in addition to the amounts required by the provisions of this Resolution and the provisions of each resolution authorizing Additional Bonds to be deposited to the credit of the Interest and Sinking Fund, the Issuer shall deposit to the credit of the Interest and Sinking Fund at least such amounts as are required for the payment of all principal of and interest on said Additional Bonds then being issued, as the same come due; and that the aggregate amount to be accumulated and maintained in the Reserve Fund shall be increased (if and to the extent necessary) to an amount not less than the average annual principal and interest requirements of all Parity Bonds and Additional Bonds which will be outstanding after the issuance and delivery of the then proposed Additional Bonds; and that the required additional amount shall be so accumulated by the deposit in the Reserve Fund of all or any part of said required additional amount in cash immediately after the delivery of the then proposed Additional Bonds, or, at the option of the Issuer, by the deposit of said required additional amount (or any balance of said required additional amount not deposited in cash as permitted above) in 120 approximately equal monthly installments, made on or before the 25th day of each month following the delivery of the then proposed Additional Bonds.

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

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

Section 19. **FURTHER REQUIREMENTS FOR ADDITIONAL BONDS.** Additional Bonds shall be issued only in accordance with the provisions hereof, but notwithstanding any provisions hereof to the contrary, no installment, series, or issue of Additional Bonds shall be issued or delivered unless the President and the Secretary of the Board of Directors of the Issuer sign a written certificate to the effect that the Issuer is not in default as to any covenant, condition, or obligation in connection with all outstanding Parity Bonds and Additional Bonds, and the resolutions authorizing the same, that the Interest and Sinking Fund and the Reserve Fund each contains the amount then required to be therein, and that either (1) based on a report of an independent engineer or firm of engineers, the Pledged Revenues, in each fiscal year thereafter, commencing with the third complete fiscal year following the date of such report, are estimated to be at least equal to 1.25 times the average annual principal and interest requirements of all Parity Bonds and Additional Bonds to be outstanding after the delivery of the then proposed Additional Bonds, or (2) based upon an opinion of legal counsel to the Issuer, there are Contracts then in effect pursuant to which the Contracting Parties and others, if any, which are parties

to such Contracts are obligated to make payments to the Issuer during each fiscal year (including during periods when services of the System may not be available to such Contracting Parties and others) in such amounts as shall be necessary to provide to the Issuer Pledged Revenues sufficient to pay when due all principal of and interest on all Parity Bonds and Additional Bonds to be outstanding after the issuance of the proposed Additional Bonds, and to make the deposits into the Reserve Fund as required under this Resolution.

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

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

(b) ISSUER'S LEGAL AUTHORITY. It is a duly created and existing conservation and reclamation district of the State of Texas pursuant to Article 16, Section 59, of the Texas Constitution, and Chapter 518, Acts of the 54th Legislature, Regular Session, 1955, as amended, and is duly authorized under the laws of the State of Texas to create and issue the Parity Bonds; that all action on its part of the creation and issuance of the Parity Bonds has been duly and effectively taken, and that the Parity Bonds in the hands of the owners thereof are and will be valid and enforceable special obligations of the Issuer in accordance with their terms.

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

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

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

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

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

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

All such policies shall be open to the inspection of the owners of the Parity Bonds and their representatives at all reasonable times.

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

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

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

price of such Parity Bond or Additional Bond on the first date upon which it becomes subject to redemption; or

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

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

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

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

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

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

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

Section 21. AMENDMENT OF RESOLUTION. (a) The owners of Parity Bonds and Additional Bonds aggregating a majority in principal amount of the aggregate principal amount of then outstanding Parity Bonds and Additional Bonds shall have the right from time to time to approve any amendment to any resolution authorizing the issuance of any Parity Bonds or Additional Bonds, which

may be deemed necessary or desirable by the Issuer, provided, however, that nothing herein contained shall permit or be construed to permit the amendment of the terms and conditions in said resolutions or in the Parity Bonds or Additional Bonds so as to:

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

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

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

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

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

in this Section defined have, prior to the attempted revocation, consented to and approved the amendment.

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

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

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

(c) The term "Defeasance Securities" means (i) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America., (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of the purchase thereof are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the Issuer adopts or approves the proceedings

authorizing the financial arrangements are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent.

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

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

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

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

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

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

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

Section 24. COVENANTS REGARDING TAX-EXEMPTION. The Issuer covenants to take any action necessary to assure, or refrain from any action which would adversely affect, the treatment of the Bonds as obligations described in section 103 of the Code, the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation. In furtherance thereof, the Issuer covenants as follows:

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

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

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

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

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

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

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

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

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

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

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

(i) to assure that the proceeds of the Bonds will be used solely for new money projects or to refund refunded bonds that were issued after December 31, 2003 and prior to January 1, 2009.

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

For purposes of the foregoing (a) and (b), 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 the 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 failure to comply, 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 to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of the Issuer, which may be permitted by the Code as are consistent with the purpose for the issuance of the Bonds.

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

**Section 26. FURTHER PROVISIONS AND PROCEDURES.** The President, Vice President and Secretary of the Board of Directors of the Issuer, the General Manager of the Issuer and all other officers, employees and agents of the Issuer, and each of them, shall be and they are hereby expressly authorized, empowered and directed from time to time and at any time to do and perform all such acts

and things and to execute, acknowledge and deliver in the name and under the corporate seal and on behalf of the Issuer a Letter of Representation with DTC regarding the Book-Entry Only System, the Paying Agent/Registrar Agreement with the Paying Agent/Registrar and all other instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Resolution, the Letter of Representation, the Bonds, the sale of the Bonds and the Official Statement. Notwithstanding anything to the contrary contained herein, while the Bonds are subject to DTC's Book-Entry Only System and to the extent permitted by law, the Letter of Representation is hereby incorporated herein and its provisions shall prevail over any other provisions of this Resolution in the event of conflict. In case any officer whose signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

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

*"MSRB"* means the Municipal Securities Rulemaking Board.

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

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

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

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

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

(d) The Issuer additionally covenants, for the benefit of the beneficial owners of the Bonds, and for the beneficial owners of Texas Water Development Board bonds, to request and use its best efforts to obtain the financial information and operating data from the Contracting Parties of the type to be included in Appendix B of any official statements of the Issuer relating to "Bonds" (as defined in the Continuing Disclosure Agreements), and to file, or cause to be filed, such financial information and operating data in the manner required by the Rule as if the Bonds had been initially sold pursuant to an "Offering" as defined in the Rule.

Section 28. INTEREST EARNINGS ON BOND PROCEEDS. Interest earnings derived from the investment of proceeds from the sale of the Bonds shall be used along with other bond proceeds for the purpose for which the Bonds are issued set forth in Section 1 hereof; provided that after completion of such purpose, if any of such interest earnings remain on hand, such interest earnings shall be deposited in the Interest and Redemption Fund. 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 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.

Section 29. CONSTRUCTION FUND. The Issuer hereby creates and establishes and shall maintain on the books of the Issuer a separate fund to be entitled the "Series 2009 Denton Creek Regional Wastewater System Construction Fund" for use by the Issuer for payment of all lawful costs associated with the acquisition and construction of the Project as hereinbefore provided. Upon payment of all such costs, any moneys remaining on deposit in said Fund, to the extent not applied as set forth in Section 32(b) of this Resolution, shall be transferred to the Interest and Sinking Fund.

Section 30. ALLOCATION OF, AND LIMITATION ON, EXPENDITURES FOR THE PROJECT. The Issuer covenants to account for the expenditure of sale proceeds and investment earnings to be used for the purposes described in Section 1 of this Resolution (the "Project") on its books and records in accordance with the requirements of the Internal Revenue Code. The Issuer recognizes that in order for the proceeds to be considered used for the reimbursement of costs, the proceeds must be allocated to expenditures within 18 months of the later of the date that (1) the expenditure is made, or (2) the Project is completed; but in no event later than three years after the date on which the original expenditure is paid. The foregoing notwithstanding, the Issuer recognizes that in order for proceeds to be expended under the Internal Revenue Code, the sale proceeds or investment earnings must be expended no more than 60 days after the earlier of (1) the fifth anniversary of the delivery of the Bonds, or (2) the date the Bonds are retired. The Issuer agrees to obtain the advice of nationally-recognized bond counsel if such expenditure fails to comply with the foregoing to assure that such expenditure will not adversely affect the tax-exempt status of the Bonds. For purposes hereof, the issuer shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

Section 31. DISPOSITION OF PROJECT. The Issuer covenants that the property constituting the Project will not be sold or otherwise disposed in a transaction resulting in the receipt by the Issuer of cash or other compensation, unless the Issuer obtains an opinion of nationally-recognized bond counsel that such sale or other disposition will not adversely affect the tax-exempt status of the Bonds. For purposes of the foregoing, the portion of the property comprising personal property and disposed in the ordinary course shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes hereof, the Issuer shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

Section 32. TEXAS WATER DEVELOPMENT BOARD PROVISIONS. (a) Final Accounting. The Issuer shall render a final accounting to the TWDB in reference to the total cost

incurred by the Issuer for improvements and extensions to the System, together with a copy of "as built" plans of the project upon completion.

(b) Surplus Bond Proceeds. The Issuer shall use any surplus proceeds from the Bonds remaining after completion of the improvements, to ratably redeem, in inverse order of maturity, the Bonds owned by the TWDB.

(c) Annual Reports. Annual audits of the Issuer shall be delivered to the TWDB as long as the State of Texas owns any of the Bonds.

(d) Compliance with the TWDB's Rules and Regulations. The Issuer covenants to comply with the rules and regulations of the TWDB, and to maintain insurance on the Issuer's System in an amount sufficient to protect the interests of the TWDB in the project. Additionally, the Issuer covenants to invest the proceeds received from the sale of the Bonds only in accordance with the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended. The Issuer covenants to maintain rates and charges for the System sufficient to meet the debt service requirements on the Bonds and the other Parity Bonds.

(e) Escrow Agreement/Trust and Agency Fund. If required by the TWDB as a condition to the purchase of the Bonds, the General Manager, acting as the "Authorized Officer" may approve, execute and deliver an appropriate escrow agreement or establish an appropriate trust and agency fund on the books of the Issuer. In either case, proceeds of the Bonds required to be deposited under an escrow agreement or into a trust and agency fund shall be disposed of and released in accordance with TWDB Rules Relating to Financial Programs or as otherwise authorized and directed by the TWDB.

(f) Environmental Indemnification. The Issuer agrees to indemnify, hold harmless and protect the TWDB from any and all claims, causes of action or damages to the person or property of third parties arising from the sampling, analysis, transport, storage, treatment and/or removal and disposition of any contaminated sewage sludge, contaminated sediments and/or contaminated media that may be generated by the Issuer, its contractors, consultants, agents, officials and employees as a result of activities relating to the project to the extent permitted by law.

(g) Special Covenants. Until the Bonds have been redeemed, paid or defeased, the Issuer will (i) implement any water conservation program required by the Board of the TWDB and (ii) comply with any special conditions specified by the Board of the TWDB in an environmental determination.

(h) Collateral Requirements. The Issuer agrees that all uninvested and uninsured funds held pursuant to this Resolution shall be managed and collateralized as required by the Public Funds Collateral Act, Chapter 2257, Texas Government Code, as amended.

Section 33. EXPIRATION OF AUTHORIZATION. The authority of the General Manager, as Authorized Officer, to execute a bond purchase agreement as described in Section 2(b) of this Resolution shall expire on the one-year anniversary date of the adoption of this Resolution by the Board.

Section 34. REPEAL OF CONFLICTING RESOLUTIONS. All resolutions and all parts of any resolutions which are in conflict or inconsistent with this Resolution are hereby repealed and shall be of no further force or effect to the extent of such conflict or inconsistency.

**TAB 4**

## CERTIFICATE OF GENERAL MANAGER

I, the undersigned General Manager of the Trinity River Authority of Texas (the "Issuer"), acting pursuant to the authority granted to me by resolution of the Board of Directors of the Issuer adopted on October 28, 2009 (the "Resolution") relating to the issuance of Trinity River Authority of Texas Denton Creek Regional Wastewater Treatment System Revenue Bonds, Series 2009 (the "Bonds") hereby find, determine and commit on behalf of the Issuer to sell and deliver the Bonds to the Texas Water Development Board ("TWDB") on the following terms:

1. The Bonds are hereby sold and shall be delivered to, and shall be initially registered in the name of, the TEXAS WATER DEVELOPMENT BOARD, for cash at a price of par.

2. The principal amount of the Bonds shall be \$7,760,000.

3. The Bonds shall be dated November 15, 2009, shall be numbered from R-1 upwards and shall mature and bear interest from their date of delivery to TWDB (i.e., the Date of Issuance) as follows:

<u>MATURITY DATE</u> <u>(February 1)</u>	<u>PRINCIPAL</u> <u>AMOUNT(\$)</u>	<u>INTEREST</u> <u>RATE(%)</u>
2012	5,000	0.850
2013	5,000	1.200
2014	5,000	1.400
2015	250,000	1.750
2016	250,000	1.950
2017	255,000	2.200
2018	265,000	2.400
2019	270,000	2.600
2020	280,000	2.900
2021	285,000	3.100
2022	295,000	3.250
2023	305,000	3.400
2024	315,000	3.500
2025	330,000	3.800
2026	340,000	3.950
2027	355,000	4.000
2028	370,000	4.050
2029	385,000	4.100
2030	400,000	4.100
2031	420,000	4.200
2032	435,000	4.250
2033	455,000	4.300
2034	475,000	4.300
2035	495,000	4.400
2036	515,000	4.400

4. Interest on the Bonds shall be payable February 1 and August 1 of each year, commencing February 1, 2010.

5. The Bonds scheduled to mature on and after February 1, 2021, shall be redeemable prior to their scheduled maturities, in whole or in part, and, if in part, in inverse order of maturity, at the option of the Issuer, on February 1, 2020 or on any date thereafter, for the principal amount thereof plus accrued interest to the date fixed for redemption, and without premium.

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

7. Immediately upon closing and delivery of the Bonds, the Issuer shall pay to the TWDB a 1.85% origination charge with respect to the Bonds calculated pursuant to the rules of the TWDB.

8. The Issuer will not discontinue the use of DTC without giving prior written notice to TWDB.

9. The Issuer hereby creates and establishes and shall maintain on the books of the Issuer a separate fund to be entitled the ""Series 2009 Denton Creek Regional Wastewater System Construction Fund" for use by the Issuer for payment of all lawful costs associated with the acquisition and construction of the Project as hereinbefore provided. Upon payment of all such costs, any moneys remaining on deposit in said Fund shall be transferred to the Interest and Sinking Fund. Amounts so deposited to the Interest and Sinking Fund shall be used in the manner described in Section 32(b) of the Resolution.

10. The Bonds shall be substantially in the form attached hereto as Exhibit A.

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

Witness my hand this October 30, 2009.

TRINITY RIVER AUTHORITY OF TEXAS

A handwritten signature in black ink, appearing to read "Danny F. Vance", written over a horizontal line.

Danny F. Vance  
General Manager

EXHIBIT A

NO. R- UNITED STATES OF AMERICA PRINCIPAL  
STATE OF TEXAS AMOUNT  
TRINITY RIVER AUTHORITY OF TEXAS \$ \_\_\_\_\_  
DENTON CREEK REGIONAL WASTEWATER TREATMENT SYSTEM  
REVENUE BOND, SERIES 2009

INTEREST RATE      DATE OF DELIVERY      MATURITY DATE      CUSIP NO.

REGISTERED OWNER:

PRINCIPAL AMOUNT:      DOLLARS

ON THE MATURITY DATE specified above, the TRINITY RIVER AUTHORITY OF TEXAS (the "Issuer"), being a governmental agency, and body corporate and politic of the State of Texas, hereby promises to pay to the Registered Owner set forth above, or registered assigns (hereinafter called the "registered owner") the principal amount set forth above, and to pay interest thereon from the Date of Delivery as set forth above, on February 1, 2010 and semiannually thereafter on each August 1 and February 1 to the maturity date specified above, or the date of redemption prior to maturity, at the interest rate per annum specified above, calculated on the basis of a 360-day year composed of twelve 30-day months; except that if this Bond is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such principal amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Bond or Bonds, if any, for which this Bond is being exchanged or converted from is due but has not been paid, then this Bond shall bear interest from the date to which such interest has been paid in full.

THE PRINCIPAL OF AND INTEREST ON this Bond are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Bond shall be paid to the registered owner hereof upon presentation and surrender of this Bond at maturity or upon the date fixed for its redemption prior to maturity, at the principal corporate trust office of The Bank of New York Mellon Trust Company, National Association, Dallas, Texas, which is the "Paying Agent/Registrar" for this Bond. The payment of interest on this Bond shall be made by the Paying Agent/Registrar to the registered owner hereof on each interest payment date by check or draft, dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the Issuer required by the Resolution authorizing the issuance of this Bond (the "Bond Resolution") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check or draft shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the registered owner hereof, at its

address as it appeared on the fifteenth calendar day of the month next preceding each such date (the "Record Date") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described; provided, however, that for so long as the Texas Water Development Board ("TWDB") is the registered owner of the Bonds, all payments of principal and interest will be made in wire transfer form at no cost to the TWDB. 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 Authority. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each 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 November 15, 2009, authorized in accordance with the Constitution and laws of the State of Texas in the principal amount of \$7,760,000, IN ORDER TO OBTAIN FUNDS TO PAY THE COSTS OF THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE DENTON CREEK REGIONAL WASTEWATER TREATMENT SYSTEM.

ON FEBRUARY 1, 2020, or on any date thereafter, the Bonds of this Series may be redeemed prior to their scheduled maturities, at the option of the Authority, with funds derived from any available and lawful source, as a whole, or in part in inverse order of maturity, and, if in part, the particular Bonds to be redeemed shall be selected and designated by the Authority, at the redemption price of the principal amount, plus accrued interest to the date fixed for redemption.

AT LEAST 30 days prior to the date fixed for any redemption of Bonds or portions thereof prior to maturity a written notice of such redemption shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, to the registered owner of each Bond to be redeemed at its address as it appeared on the day such notice of redemption is mailed and to major securities depositories, national bond rating agencies and bond information services; provided, however, that the failure of the registered owner to receive such notice, or any defect therein or in the sending or mailing

thereof, shall not affect the validity or effectiveness of the proceedings for the redemption of any Bond. By the date fixed for any such redemption, due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for the Bonds or portions thereof which are to be so redeemed. If such written notice of redemption is sent and if due provision for such payment is made, all as provided above, the Bonds or portions thereof which are to be so redeemed thereby automatically shall be treated as redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the registered owner to receive the redemption price from the Paying Agent/Registrar out of the funds provided for such payment. If a portion of any Bond shall be redeemed a substitute Bond or Bonds having the same maturity date, bearing interest at the same rate, in any denomination or denominations in any integral multiple of \$5,000, at the written request of the registered owner, and in aggregate amount equal to the unredeemed portion thereof, will be issued to the registered owner upon the surrender thereof for cancellation, at the expense of the Issuer, all as provided in the Bond Resolution.

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

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

Record Date and ending with the opening of business on the next following principal or interest payment date, or, (ii) with respect to any Bond or any portion thereof called for redemption prior to maturity, within 30 days prior to its redemption date.

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

IT IS HEREBY certified, recited, and covenanted that this Bond has been duly and validly authorized, issued, sold, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this Bond have been performed, existed, and been done in accordance with law; that this Bond and other parity bonds, are special obligations of the Issuer payable from and secured by a first lien on and pledge of the "Pledged Revenues", as defined in the Bond Resolution, which include payments and amounts derived by the Issuer from various contracts styled "Trinity River Authority of Texas - Denton Creek Regional Wastewater Treatment System Contract," between the Issuer and the Cities of Fort Worth, Haslet, Keller, Roanoke and Southlake, Texas, the Towns of Argyle, Flower Mound, Northlake and Westlake, Texas and Circle T Municipal Utility District Nos. 1 and 3 of Tarrant and Denton Counties, Texas.

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

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

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

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

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

\_\_\_\_\_  
Secretary, Board of Directors  
Trinity River Authority of Texas

\_\_\_\_\_  
President, Board of Directors  
Trinity River Authority of Texas

(SEAL)

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

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

Dated

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

By \_\_\_\_\_  
Authorized Representative

FORM OF ASSIGNMENT

ASSIGNMENT

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

---

Please insert Social Security or Taxpayer  
Identification Number of Transferee

---

---

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

---

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

Dated: \_\_\_\_\_

Signature Guaranteed:

---

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

---

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

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO.

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

Witness my signature and seal this

---

Comptroller of Public Accounts  
of the State of Texas

(COMPTROLLER'S SEAL)

**TAB 5**

LAW OFFICES

MCCALL, PARKHURST & HORTON L.L.P.

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

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

700 N. ST. MARY'S STREET  
SUITE 1525  
SAN ANTONIO, TEXAS 78205-3503  
TELEPHONE: 210 225-2800  
FACSIMILE: 210 225-2884

October 30, 2009

Board of Directors  
Trinity River Authority of Texas  
P. O. Box 60  
Arlington, Texas 76010

TRINITY RIVER AUTHORITY OF TEXAS DENTON CREEK REGIONAL  
WASTEWATER TREATMENT SYSTEM REVENUE BONDS, SERIES 2009

Ladies and Gentlemen:

In our capacity as legal counsel for the Trinity River Authority of Texas (the "Issuer"), we have reviewed, amongst other documents, Resolution No. R-1283 captioned "Resolution Authorizing the Issuance, Sale, and Delivery of Trinity River Authority of Texas Denton Creek Regional Wastewater Treatment System Revenue Bonds and Approving and Authorizing Instruments and Procedures Relating Thereto," adopted by the Board of Directors of the Issuer on October 28, 2009 (the "Resolution"). Capitalized words and phrases used herein shall have the meanings set forth in the Resolution unless the context provides otherwise. Specifically, we have reviewed the provisions of the Resolution pertaining to the requirements for the issuance of Additional Bonds and the Contracts relating thereto.

Based upon our review of the Resolution and the Contracts, it is our opinion that, except as may be limited by laws applicable to the Issuer and the Contracting Parties and others relating to bankruptcy, reorganization and other similar matters affecting creditors' rights, there are Contracts now in effect pursuant to which the Contracting Parties and others 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 captioned Additional Bonds, and to make the deposits into the Reserve Fund as required under the Resolution.

Respectfully,

*M<sup>c</sup>Call, Parkhurst & Horton L.L.P.*

**TAB 6**

## GENERAL CERTIFICATE

THE STATE OF TEXAS :  
TRINITY RIVER AUTHORITY OF TEXAS :

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

1. That this certificate is executed for the benefit of the Attorney General of the State of Texas and the prospective owners of the proposed Trinity River Authority of Texas Denton Creek Regional Wastewater Treatment System Revenue Bonds, Series 2009 (the "Bonds"), dated November 15, 2009, authorized by Resolution No. R-1283 adopted on October 28, 2009, by the Board of Directors of the Authority (the "Bond Resolution").

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

3. That other than for the payment of the Bonds, and any unpaid and unrefunded Trinity River Authority of Texas Denton Creek Regional Wastewater Treatment System Revenue Bonds, Series 1996 (the "Series 1996 Bonds"), Trinity River Authority of Texas Denton Creek Regional Wastewater Treatment System Revenue Bonds, Series 2000 (the "Series 2000 Bonds"), Trinity River Authority of Texas Denton Creek Regional Wastewater Treatment System Revenue Improvement and Refunding Bonds, Series 2003 (the "Series 2003 Bonds"), Trinity River Authority of Texas Denton Creek Regional Wastewater Treatment System Revenue Improvement Bonds, Series 2006 (the "Series 2006 Bonds"), Trinity River Authority of Texas Denton Creek Regional Wastewater Treatment System Revenue Improvement Bonds, Series 2007 (the "Series 2007 Bonds") and Trinity River Authority of Texas Denton Creek Regional Wastewater Treatment System Revenue Bonds, Series 2008 (the "Series 2008 Bonds") the Pledged Revenues from the Contracts, as hereinafter defined, are not in any manner pledged to the payment of any debt or obligation.

4. That no litigation of any nature has ever been filed pertaining to, affecting, or contesting: (a) the issuance, delivery, payment, security, or validity of the Bonds, the Series 1996 Bonds, the Series 2000 Bonds, the Series 2003 Bonds, the Series 2006 Bonds, the Series 2007 Bonds or the Series 2008 Bonds, (b) the validity of the "Trinity River Authority of Texas - Denton Creek Regional Wastewater Treatment System Contract", dated as of October 28, 1987 (the "Initial Contract") between the Issuer and the Cities of Fort Worth, Haslet, and Roanoke, Texas, the "Trinity River Authority of Texas - Denton Creek Regional Wastewater Treatment System Supplemental Contract (City of Southlake and Lake Turner Municipal Utility District No. 1)", dated as of April 27, 1988 (the "First Supplemental Contract") between the Issuer and the City of Southlake, Texas, and Circle T Municipal Utility District No. 1 (formerly, Lake Turner Municipal Utility District No. 1 of Tarrant and Denton Counties, Texas), the "Trinity River Authority of Texas - Denton Creek Regional Wastewater Treatment System Second Supplemental Contract (City of Keller, Texas)", dated as of April 22, 1992 (the "Second Supplemental Contract") between the Issuer and the City of Keller, Texas, the "Trinity River Authority of Texas - Denton Creek Regional Wastewater Treatment System Third Supplemental Contract (Lake Turner Municipal Utility District No. 3)", dated as of August 24, 1994 (the "Third Supplemental Contract") between the Issuer and Circle T Municipal Utility District No. 3 (formerly, Lake Turner Municipal Utility District No. 3 of Tarrant and Denton Counties, Texas), the "Trinity River Authority of Texas - Denton Creek Regional Wastewater Treatment System Fourth Supplemental Contract (Town of Flower Mound, Texas)", dated as of March 1, 2000 (the "Fourth Supplemental Contract") between the Issuer and the Town of Flower Mound, Texas, the "Trinity River Authority of Texas - Denton Creek Regional Wastewater Treatment System Fifth Supplemental Contract (Town of Westlake, Texas)", dated as of

March 1, 2000 (the "Fifth Supplemental Contract") between the Issuer and the Town of Westlake, Texas, the "Trinity River Authority of Texas - Denton Creek Regional Wastewater Treatment System Sixth Supplemental Contract (Town of Northlake, Texas)", dated as of December 1, 2001 (the "Sixth Supplemental Contract") between the Issuer and the Town of Northlake, Texas and the "Trinity River Authority of Texas - Denton Creek Regional Wastewater Treatment System Seventh Supplemental Contract (Town of Argyle, Texas)", dated as of December 6, 2006, and amended as of December 5, 2007 (the "Seventh Supplemental Contract"), between the Issuer and the Town of Argyle, Texas (collectively, the Initial Contract, First Supplemental Contract, Second Supplemental Contract, Third Supplemental Contract, Fourth Supplemental Contract, Fifth Supplemental Contract, Sixth Supplemental Contract and Seventh Supplemental Contract are herein referred to as the "Contracts" and the Cities of Fort Worth, Haslet, Keller, Roanoke and Southlake, Texas, the Towns of Argyle, Flower Mound, Northlake and Westlake, Texas and Circle T Municipal Utility District Nos. 1 and 3 are herein referred to as the "Contracting Parties"), (c) the title of the present members and officers of said Board of Directors of the Authority to their respective offices, or (d) the organization or corporate existence of the Authority or the boundaries thereof.

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

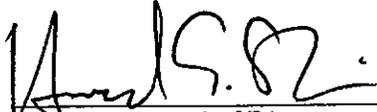
6. That no default exists in connection with any of the covenants, conditions or obligations in connection with the Series 1996 Bonds, the Series 2000 Bonds, the Series 2003 Bonds, the Series 2006 Bonds, the Series 2007 Bonds or the Series 2008 Bonds or the resolutions authorizing said bonds, and the "Interest and Sinking Fund" and the "Reserve Fund" confirmed and maintained pursuant to said resolutions each contain the amount now required to be on deposit therein.

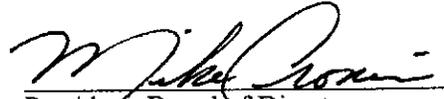
7. That the statements and information set forth in the Application to the Texas Water Development Board, pertaining to the Authority, the Contracting Parties, and the Bonds, and particularly the operating statements, debt service requirements, revenues, rates for water and sewer services (which rates, respectively, have been set by pertinent and applicable ordinances or resolutions now in effect), and other information set forth therein, are true and correct in all material respects, and the above statements and information concerning the Contracting Parties have been verified by the Authority from official documents and information furnished to the Authority by the Contracting Parties, respectively, specifically for inclusion in the aforesaid Application.

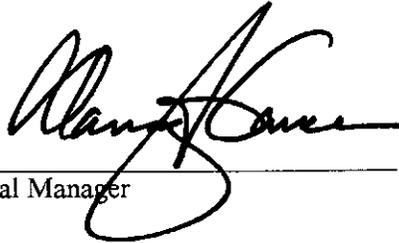
8. That, based upon an opinion of legal counsel to the Authority, the Contracts now in effect, pursuant to which the Contracting Parties, as defined in the Bond Resolution, are obligated to make payments to the Authority during each fiscal year (including during periods when services of the System may not be available to such Contracting Parties) in such amounts as shall be necessary to provide to the Authority Pledged Revenues are sufficient to pay when due all principal of and interest on the Bonds and any unpaid and unrefunded Series 1996 Bonds, Series 2000 Bonds, Series 2003 Bonds, Series 2006 Bonds, Series 2007 Bonds and Series 2008 Bonds to be outstanding after the issuance and delivery of the Bonds, and to make the deposits into the Reserve Fund as required under the resolutions authorizing the Bonds, the Series 1996 Bonds, the Series 2000 Bonds, Series 2003 Bonds, Series 2006 Bonds, Series 2007 Bonds and Series 2008 Bonds.

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

SIGNED this October 30, 2009.

  
Secretary, Board of Directors

  
President, Board of Directors

  
General Manager

**TAB 7**

## ESCROW AGREEMENT

THIS ESCROW AGREEMENT (the "Agreement"), dated as of November 15, 2009, made by and between the Trinity River Authority of Texas (the "Authority"), a political subdivision of the State of Texas, acting by and through its General Manager, and Wells Fargo Bank, N.A., as Escrow Agent (the "Escrow Agent") together with any successor in such capacity;

W I T N E S S E T H:

WHEREAS, pursuant to a resolution finally adopted on October 28, 2009 (the "Resolution"), the Board of Directors of the Authority authorized the issuance of \$7,760,000 Trinity River Authority of Texas Denton Creek Regional Wastewater Treatment System Revenue Bonds, Series 2009, dated November 15, 2009 (the "Bonds"), for the purpose of the acquisition and construction of improvements and extensions to the Authority's Denton Creek Regional Wastewater Treatment System (the "Project"); and

WHEREAS, such Resolution also confirmed the sale of the Bonds to the Texas Water Development Board (the "TWDB"); and

WHEREAS, the Escrow Agent is a national bank located in the State of Texas, an insured depository institution with the Federal Deposit Insurance Corporation, ("FDIC"), has been designated a state depository institution by the Texas Office of the Comptroller and is otherwise qualified and empowered to enter into this Agreement, and hereby acknowledges its acceptance of the terms and provisions hereof; and

WHEREAS, a condition to the purchase of the Bonds by the TWDB is the deposit of the proceeds of sale (less amounts to pay costs of issuance) in escrow subject to being withdrawn only with the approval of the Executive Administrator of the TWDB or an authorized representative; provided, however, the funds can be transferred to different investments so long as all parties hereto consent to such transfer;

NOW, THEREFORE, in consideration of the mutual agreements herein contained and in consideration of the amount to be paid by the Authority to the Escrow Agent, as set forth on Exhibit A, the receipt of which is hereby acknowledged, and in order to secure the delivery of the Bonds, the parties hereto mutually undertake, promise and agree for themselves, their respective representatives and successors, as follows:

**SECTION 1: ESCROW ACCOUNT.** Upon the delivery of the Bonds described above, proceeds of sale (less amounts to pay costs of issuance) shall be deposited to the credit of a special escrow account maintained at the Escrow Agent on behalf of the Authority and the TWDB and shall not be commingled with other accounts or funds. The amounts received by the Escrow Agent under this Agreement shall not be considered as a banking deposit by the Authority, and the Escrow Agent shall have no right to title with respect thereto except as a fiduciary and Escrow Agent under the terms of this Agreement.

These escrowed funds shall be kept in a separate account entitled "Trinity River Authority of Texas Denton Creek Regional Wastewater Treatment System Revenue Bonds, Series 2009 Escrow Account" and shall not be subject to warrants, drafts or checks drawn by the Authority but shall be disbursed or withdrawn to pay the costs of the project for which the Bonds were issued (the "Project Costs") in accordance with the Resolution and solely upon written authorization from the Executive Administrator, or his authorized representative. The Escrow Agent shall distribute to the Authority and to the Executive Administrator's staff of the TWDB the escrow account bank statements or trust account statements on a monthly basis.

**SECTION 2: COLLATERAL.** All cash deposited to the credit of such escrow account and any accrued interest in excess of the amounts insured by the Federal Deposit Insurance Corporation and remaining

uninvested under the terms of this Agreement shall be continuously secured by a valid pledge of direct obligations of the United States of America or other collateral meeting the requirements of the Public Funds Collateral Act, Chapter 2257, Texas Government Code, as amended.

**SECTION 3: INVESTMENTS.** While funds are held in escrow, the Escrow Agent shall only invest escrowed funds in investments that are authorized by the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended. It is the Authority's responsibility to direct the Escrow Agent to invest all public funds in a manner that is consistent not only with the Public Funds Investment Act but also with its own written investment policy.

**SECTION 4: DISBURSEMENTS.** The Escrow Agent shall not honor any disbursement from the escrow fund, or any portion thereof, unless and until it has been supplied with written approval and consent by the Executive Administrator of the TWDB or an authorized TWDB representative. However, no written approval and consent by the Executive Administrator shall be required if the disbursement involves transferring funds from one investment to another provided that all such investments are consistent with the requirements of the Public Funds Investment Act.

**SECTION 5: UNEXPENDED FUNDS.** Any sums remaining unexpended in the escrow account after completion of the Project, after the final accounting has been submitted to and approved by the TWDB, shall be disposed of pursuant to the provisions of the Resolution.

**SECTION 6: CERTIFICATIONS.** The Escrow Agent shall be authorized to accept and rely upon the certifications and documents furnished to the Escrow Agent by the Authority and shall not be liable for the payment of any funds made in reliance in good faith upon such certifications or other documents or approvals, as herein recited.

**SECTION 7: LIABILITY OF ESCROW AGENT.** To the extent permitted by law, the Escrow Agent shall not be liable for any act done or step taken or omitted by it or any mistake of fact or law, except for its negligence or default or failure in the performance of any obligation imposed upon it hereunder. The Escrow Agent shall not be responsible in any manner for any proceedings in connection with the Bonds or any recitation contained in the Bonds.

**SECTION 8: RECORDS.** The Escrow Agent will keep complete and correct books of record and account relating to the receipts, disbursements, allocations and application of the money deposited to the Escrow Fund, and investments of the Escrow Fund and all proceeds thereof. The records shall be available for inspection at reasonable hours and under reasonable conditions by the Authority and the TWDB.

**SECTION 9: MERGER/CONSOLIDATION.** In the event that the Escrow Agent merges or consolidates with another bank or sells or transfers substantially all of its assets or corporate trust business, then the successor bank shall be the successor Escrow Agent without the necessity of further action as long as the successor bank is a state or national bank as well as an FDIC-insured depository institution. The Escrow Agent must provide the TWDB with written notification within 30 days of acceptance of the merger, consolidation, or transfer. If the merger, consolidation or other transfer has occurred between state banks, the newly-created entity shall forward the certificate of merger or exchange issued by the Texas Department of Banking as well as the statement filed with the pertinent chartering authority, if applicable, to the TWDB within a reasonable time of such merger, consolidation or exchange.

**SECTION 10: AMENDMENTS.** This Agreement may be modified or amended from time to time as necessary with the written consent of the Authority, the Escrow Agent and the TWDB, but no such amendments shall increase the liabilities or responsibilities or diminish the rights of the Escrow Agent without its consent.

**SECTION 11: TERMINATION.** In the event that this Agreement is terminated by either the Authority or by the Escrow Agent, the Escrow Agent must report said termination in writing to the TWDB within 5 business days of such termination. The Authority is responsible for ensuring that the following criteria are satisfied in selecting the successor escrow agent and notifying the TWDB of the change in escrow agents: (a) the successor escrow agent must be an FDIC-insured state or national bank designated by the Texas Comptroller as a state depository; (b) the successor escrow agent must be retained prior to or at the time of the termination; (c) an escrow agreement must be executed by and between the Authority and the successor escrow agent and must contain the same or substantially similar terms and conditions as are present in this Agreement; and (d) the Authority must forward a copy of the executed escrow agreement with the successor escrow agent within 5 business days of said termination. No funds shall be released by the TWDB until it has received, reviewed and approved the escrow agreement with the successor escrow agent.

**SECTION 12: EXPIRATION.** This Agreement shall expire upon final transfer of the funds in the Escrow Account to the Authority.

**SECTION 13: POINT OF CONTACT.** The points of contact for the Escrow Agent and the TWDB are as follows:

Wells Fargo Bank, N.A.  
Corporate, Municipal and Escrow Services  
MAC T5656-013  
PO Box 2019 (78768)  
400 West 15<sup>th</sup> St., Suite 150  
Austin, Texas 78701  
512-344-7306 (Office)  
512-355-8621 (Fax)  
[Jose.A.Gaytan@wellsfargo.com](mailto:Jose.A.Gaytan@wellsfargo.com)

Kevin J. Ward  
Executive Administrator  
Texas Water Development Board  
1700 North Congress Avenue  
Austin, Texas 78701

**SECTION 14: CHOICE OF LAW.** This Agreement shall be governed exclusively by the applicable laws of the State of Texas. Should a controversy arise, either party hereto may introduce the dispute into the Travis County District Court for adjudication thereof.

**SECTION 15: ASSIGNABILITY.** This Agreement shall not be assignable by the parties hereto, in whole or in part, and any attempted assignment shall be void and of no force and effect.

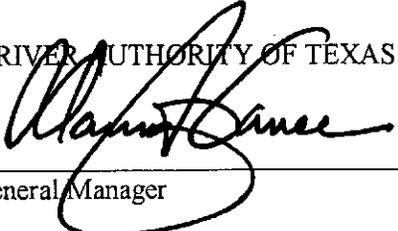
**SECTION 16: ENTIRE AGREEMENT.** This Agreement evidences the entire Escrow Agreement between the Escrow Agent and the Authority and supersedes any other agreements, whether oral or written, between the parties regarding the funds or the escrow account.

**SECTION 17: VALIDITY OF PROVISIONS.** If any term, covenant, condition or provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby.

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

TRINITY RIVER AUTHORITY OF TEXAS

By:

  
General Manager

Address:

5300 S. Collins  
Arlington, Texas 76018

ATTEST:

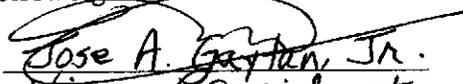
By:

  
Secretary, Board of Directors

WELLS FARGO BANK, N.A.  
as Escrow Agent

By:

Title:

  
Vice President



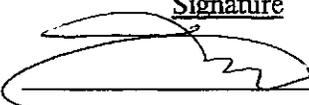
**TAB 8**

SIGNATURE IDENTIFICATION AND AUTHORITY CERTIFICATE OF  
WELLS FARGO BANK, N.A.

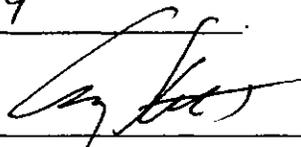
I, the undersigned, Greg Stites, do hereby certify that:

1. I am a duly elected and acting Vice President of Wells Fargo Bank, N.A. (the "Bank"), and I am duly authorized to execute this certificate on its behalf.

2. That certain Escrow Agreement between the Trinity River Authority of Texas and the Bank, dated as of November 15, 2009 (the "Agreement") was duly executed on behalf of the Bank by JOSE A. GAYTAN, who at the time of executing and attesting the same was and is now a duly elected and acting Vice President of the Bank and authorized to execute, attest and deliver the Agreement as evidenced by the resolutions or Bylaws contained in Exhibit "A". The resolutions or Bylaws contained in Exhibit "A" were duly adopted and are in full force and effect as of this date. There follows the names, offices and true and correct signatures of the aforesaid officers:

<u>Name</u>	<u>Office</u>	<u>Signature</u>
<u>JOSE A. GAYTAN</u>	<u>Vice President</u>	

WITNESS my hand this 11/9/2009

Name:   
Title: GREG L. STITES  
VICE PRESIDENT



Wells Fargo Bank, N.A.  
Corporate Trust Services

Certified Copy of General Signature  
Resolution Relating to Execution  
of Written Instruments

I, Patricia Aston, an Assistant Secretary of Wells Fargo Bank, National Association, a national banking association organized under the laws of the United States of America (the "Bank"), hereby certify that:

The following is a true and correct extract from resolutions duly adopted by the Board of Directors of the Bank on November 25, 2003, and that no modification, amendment, rescission or revocation of such resolutions has occurred affecting such extract as of the date of this certificate, and that the resolutions remain in full force and effect on the date hereof:

**RESOLVED**, that agreements, instruments, or other documents, including amendments and modifications thereto, relating to or affecting the property or business and affairs of the Bank, whether acting for its own account or in a fiduciary or other representative capacity, may be executed in its name by the persons hereinafter authorized;

**FURTHER RESOLVED**, that for the purposes of these resolutions, "Executive Officer" shall mean any person specifically designated as an Executive Officer of the Bank by resolution of the Board of Directors, and "Signing Officer" shall mean the Chairman of the Board, the President, any Vice Chairman, any Executive Vice President, any Senior Vice President, the Treasurer, any Vice President, any Assistant Vice President, any person whose title includes the word "Officer" (e.g., Commercial Banking Officer, Personal Banking Officer, Trust Officer), or any other person whose title has been or is hereafter designated by the Board of Directors as a title for an officer of the Bank, and such officers are hereby authorized to sign agreements, instruments and other documents on behalf of the Bank in accordance with the signing authorities conferred in Parts A, B and C of these resolutions;

A. Executive Officers

**FURTHER RESOLVED**, that the Chairman, the President, any Vice Chairman, any Executive Vice President and any Executive Officer of the Bank, acting alone, may execute agreements, guaranties, instruments or other documents which such officer may deem necessary, proper or expedient to the conduct of the business of the Bank;

B. Vice Presidents and Above

**FURTHER RESOLVED**, that the Chairman, the President, any Vice Chairman, any Executive Vice President, any Senior Vice President and any Vice President, acting alone, may execute on behalf of the Bank:

Deeds, leases, assignments, bills of sale, purchase agreements and other instruments of conveyance to purchase, sell, lease or sublease to or from a third party real property, or any interest therein, for the Bank's own account; provided, however, that such agreements, instruments and other documents may also be signed as hereinafter provided with respect to real property acquired by the Bank in connection with collateral for a loan.

Bonds of indemnity and powers of attorney; provided, however, that proxies to vote stock in a corporation or to vote other interests in other legal entities and stock and bond powers may also be signed as hereinafter provided.

### C. Signing Officers

**FURTHER RESOLVED**, that any Signing Officer, acting alone, may execute on behalf of the Bank, whether acting for its own account or in a fiduciary or other representative capacity:

\* \* \*

Receipts for any funds or other property paid or delivered to the Bank.

Guaranties of signatures, whether appearing as endorsements of bonds, certificates of stock, or other securities, including without limitation medallion guaranties provided in connection with a medallion stamp, or otherwise.

\* \* \*

Agreements and proposals to provide services to or receive services from third parties.

\* \* \*

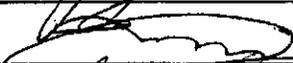
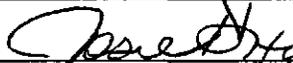
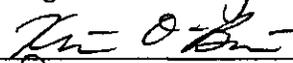
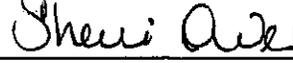
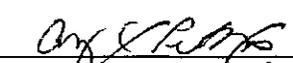
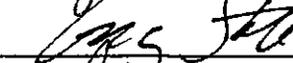
Trust indentures, declarations of trust, trust and agency agreements, pooling and servicing agreements, fiscal and paying agency agreements, acceptances thereof, consents thereto and any similar agreements, however denominated, to which the Bank is a party in a fiduciary or other representative capacity; certificates of authentication or other indicia of valid issuance with respect to bonds, notes, debentures and other securities or obligations issued under any indenture, mortgage, trust or other agreement; certificates for securities deposited, interim certificates and other certificates for and on behalf of the Bank as depository or agent; countersignatures of stocks, bonds, notes, debentures, voting trust certificates, participation certificates and other certificates, instruments, obligations or other securities on behalf of the Bank as trustee, fiscal and paying agent, transfer agent, registrar or in another similar capacity; and certificates of cancellation and cremation of stocks, bonds, debentures or other securities.

\* \* \*

**FURTHER RESOLVED**, that the signature of the Secretary or of any Assistant Secretary of the Bank shall be required to certify any resolution adopted by the Board of Directors of the Bank or any committee thereof, the incumbency, title or signature of any officer of the Bank and any designation of authority under these resolutions or otherwise, and the Secretary or any Assistant Secretary of the Bank may also certify any records or other documents created in the ordinary course of the business of the Bank.

I further certify that on \_\_\_\_\_, the following named person is/was a duly appointed, qualified and acting Signing Officer of Wells Fargo Bank, N.A., that their correct title

and genuine signature appears beside their name, and that on said date they were duly authorized to act on behalf of the Bank as set forth in the foregoing resolution:

Name	Title	Signature
Pamela M. Black	Vice President	
Jose Gaytan	Vice President	
Patrick Giordano	Vice President	
Letha Glover	Vice President	
Greg Hasty	Vice President	
Josie Hixon	Vice President	
Sandra Y. Jones	Assistant Vice President	
Kevin O'Brien	Assistant Vice President	
Sherri Owen	Vice President	
Nancye C. Patterson	Vice President	
Amy C. Perkins	Vice President	
Greg L. Stites	Vice President	
John C. Stohlmann	Vice President	
Kathleen R. Wagner	Vice President	
Deirdre H. Ward	Vice President	
Cheri D. Whitford	Assistant Vice President	

IN WITNESS WHEREOF, I have hereunto signed my name this

\_\_\_\_\_



Assistant Secretary

\*\*\* Redacted [Indicates portions of the resolutions have intentionally been omitted because the sections are not relevant to the transaction for which this certification has been requested.]

**TAB 9**

SIGNATURE IDENTIFICATION AND NO-LITIGATION CERTIFICATE

THE STATE OF TEXAS :  
TRINITY RIVER AUTHORITY OF TEXAS :

We, the undersigned officers of Trinity River Authority of Texas (the "Issuer"), hereby certify as follows:

(a) That this certificate is executed and delivered with reference to Trinity River Authority of Texas Denton Creek Regional Wastewater Treatment System Revenue Bonds, Series 2009, dated November 15, 2009, in the principal amount of \$7,760,000 (the "Bonds").

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

(c) That said Bonds are substantially in the form, and have been duly executed and signed in the manner, prescribed in the Resolution authorizing the issuance of said Bonds.

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

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

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

(g) That we have caused the official seal of the Issuer to be impressed or placed in facsimile on said Bonds; and said seal on said Bonds has been duly adopted as, and is hereby declared to be, the official seal of the Issuer.

(h) The Attorney General of Texas is hereby authorized and directed to date this certificate concurrently with the date of approval of the Bonds. If any litigation or contest should develop pertaining to the Bonds or any other matters 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 Bonds, unless he is notified otherwise as aforesaid.

EXECUTED and delivered this

DEC 02 2009

MANUAL SIGNATURES

OFFICIAL TITLES

*Mike Cron*  
*Paul S. B.*

President, Board of Directors

Secretary, Board of Directors

Before me, on this day personally appeared the foregoing individuals, known to me to be the persons whose names are subscribed to the foregoing instrument.

Given under my hand and seal of office this *Oct. 28, 2009*



*Sheila J. Murphy*  
Notary Public

(My Commission Expires \_\_\_\_\_)

(Notary Seal)

**TAB 10**

RECEIPT FOR PROCEEDS

THE STATE OF TEXAS :  
TRINITY RIVER AUTHORITY OF TEXAS :

The undersigned hereby certifies as follows:

(a) That this certificate is executed and delivered with reference to

Trinity River Authority of Texas Denton Creek Regional Wastewater Treatment System Revenue Bonds, Series 2009, dated November 15, 2009, authorized by a resolution adopted by the Board of Directors of the Issuer on October 28, 2009 (the "Bonds").

(b) That the undersigned is duly qualified to execute this receipt on behalf of the issuer of said Bonds.

(c) That said Bonds have been duly delivered to the purchasers thereof.

(d) That said Bonds have been paid for in full by said purchasers concurrently with the delivery of this certificate, and the issuer of said Bonds has received, and hereby acknowledges receipt of, the agreed purchase price for said Bonds.

EXECUTED and delivered this DEC 02 2009



A handwritten signature in black ink, appearing to read "Amy Scott", is written over a horizontal line.

**TAB 11**

## FEDERAL TAX CERTIFICATE

### 1. In General.

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

1.2. This Federal Tax Certificate (this "Certificate") is executed for the purpose of establishing the reasonable expectations of the Issuer as to future events regarding the Issuer's Denton Creek Regional Wastewater Treatment System Revenue Bonds, Series 2009 (the "Bonds"). The Bonds are being issued pursuant to a resolution of the Issuer (the "Resolution") adopted on October 28, 2009, and a Certificate of General Manager (the "Certificate") executed by the General Manager of the Issuer on the date of sale of the Bonds. The Resolution and the Certificate are incorporated herein by reference.

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

1.4. The undersigned is an officer of the Issuer delegated with the responsibility of issuing and delivering the Bonds.

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 First Southwest Company (the "Financial Advisor") in Subsection 5.3 of this Certificate.

### 2. The Purpose of the Bonds and Useful Lives of Projects.

2.1. The Bonds are being issued pursuant to the Resolution (a) to provide for the payment of costs of issuing the Bonds; (b) to acquire and construct improvements and extensions to the Issuer's Denton Creek Regional Wastewater Treatment System (the "Projects"); (c) to pay certain capitalized interest on the Bonds; and (d) to deposit funds in the Reserve Fund.

2.2. The Issuer expects that the aggregate useful lives of the Projects exceed 28 years from the later of the date the Projects are placed in service or the date on which the Bonds are issued.

2.3. All earnings, such as interest and dividends, received from the investment of the proceeds of the Bonds during the period of acquisition and construction of the Projects and not used to pay interest on the Bonds, will be used to pay the costs of the Projects, unless required to be rebated and paid to the United States in accordance with section 148(f) of the Internal Revenue Code of 1986 (the "Code"). The proceeds of the Bonds, together with any investment earnings thereon, are expected not to exceed the amount necessary for the governmental purpose of the Bonds. The Issuer expects that no disposition proceeds will arise in connection with the Projects or the Bonds.

### 3. Expenditure of Bond Proceeds and Use of Projects.

3.1. The Issuer will incur, within six months after the date of issue of the Bonds, a binding obligation to commence the Projects, either by entering into contracts for the construction of the Projects or by entering into contracts for architectural or engineering services for such Projects, or contracts for the development, purchase of construction materials, or purchase of equipment, for the Projects, with the amount

to be paid under such contracts to be in excess of five percent of the proceeds which are estimated to be used for the cost of the Projects.

3.2. After entering into binding obligations, work on such Projects will proceed promptly with due diligence to completion.

3.3. All original proceeds derived from the sale of the Bonds to be applied to the Projects and all investment earnings thereon (other than any amounts required to be rebated to the United States pursuant to section 148(f) of the Code) will be expended for the Projects no later than a date which is three years after the date of issue of the Bonds.

3.4. The Resolution provides that allocations of proceeds to expenditures for the Projects are expected not to be later than 18 months after the later of the date of the expenditure or the date that the Projects are placed in service, but, in any event, not longer than 60 days after the earlier of five years of the date hereof or the date the Bonds are retired.

3.5. The Issuer will not invest the proceeds prior to such expenditure in any guaranteed investment contract or other non-purpose investment with a substantially guaranteed yield for a period equal to or greater than four years.

3.6. Other than members of the general public, the Cities of Fort Worth, Haslet, Roanoke, Southlake and Keller, Texas, the Towns of Flower Mound, Northlake, Westlake and Argyle, Texas and Circle T Municipal Utility District Numbers 1 and 3 (collectively, the "Contracting Governmental Units"), the Issuer expects that throughout the lesser of the term of the Bonds, or the useful lives of the Projects, the only user of the Projects will be the Issuer or the Issuer's employees and agents. The Issuer will be the manager of the Projects. The Issuer does not expect to enter into long-term sales of output from the Projects, except to the Contracting Governmental Units and other future contracting governmental units or 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.

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

3.8. For purposes of Subsection 3.7 hereof, the Issuer has not included the portion of the 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.

#### 4. Interest and Sinking Fund.

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

4.2. Any money deposited in the Interest and Sinking Fund and any amounts received from the investment thereof that accumulate and remain on hand therein after thirteen months from the date of deposit of any such money or one year after the receipt of any such amounts from the investment thereof shall constitute a separate portion of the Interest and Sinking Fund. The yield on any investments allocable to the portion of the Interest and Sinking Fund exceeding 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 Bonds or \$100,000 will be restricted to a yield that does not exceed the yield on the Bonds.

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 Bonds. If on any interest payment or maturity date, the Interest and Sinking Fund does not contain an amount sufficient to make debt service payments on the Bonds, the Issuer is required to transfer money from the Reserve Fund to the Interest and Sinking Fund in an amount sufficient to make such payments.

5.2. The present value of the investments deposited to the Reserve Fund and allocable to the Bonds that will be invested at a yield higher than the yield on the 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 Bonds, (b) 1.25 of the average annual debt service on the Bonds, or (c) maximum annual debt service on the Bonds.

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. Amounts deposited in the Reserve Fund from proceeds received from the sale of the Bonds do not exceed 10 percent of the issue price of the Bonds.

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 Sinking Fund and Reserve Fund, the moneys in the Revenue Fund are reasonably expected not to be used to pay the principal of and interest on the Bonds. 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. Other than moneys in the Contingency Fund, if any, that are transferred to the Interest and Sinking Fund, the moneys in the Contingency Fund are reasonably expected not to be used to pay the principal of and interest on the Bonds. 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. Invested Sinking Fund Proceeds, Replacement Proceeds.

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

8.2. Other than the Interest and Sinking Fund and the Reserve Fund, there are, and will be, no other funds or accounts established, or to be established, by or on behalf of the Issuer (a) which are reasonably expected to be used, or to generate earnings to be used, to pay debt service on the Bonds, or (b) which are reserved or pledged as collateral for payment of debt service on the Bonds 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 Bonds, within the meaning of section 148 of the Code.

9. Yield.

The Bonds are being purchased by the Texas Water Development Board at a purchase price of 98.184 percent of the stated principal amount thereof.

10. Other Obligations.

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

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 Bonds 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.

12. Record Retention.

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 Bonds 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 BONDS UNDER SECTION 103 OF THE CODE ARE RETAINED FOR THE PERIOD BEGINNING ON THE ISSUE DATE OF THE BONDS AND ENDING THREE YEARS AFTER THE DATE THE BONDS ARE RETIRED.** The Issuer acknowledges receipt of the letter attached hereto as Exhibit "B" which, in part, discusses specific guidance by the Service with respect to the retention of records relating to tax-exempt bond transaction. The Issuer also acknowledges that the letter does not constitute an opinion of Bond Counsel as to the proper record retention policy applicable to any specific transaction.

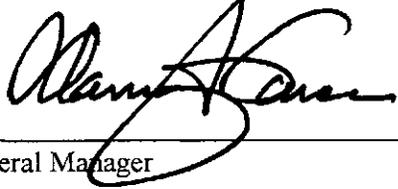
13. Rebate to United States.

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 Bonds in excess of the yield on the Bonds 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. This memorandum does not constitute an opinion of Bond Counsel as to the proper federal tax or accounting treatment of any specific transaction.

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DATED as of DEC 02 2009

TRINITY RIVER AUTHORITY OF TEXAS

By:   
General Manager

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

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 are accurate.

FIRST SOUTHWEST COMPANY

By: Mary Will

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

Exhibit "A"

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January 1, 2006

**ARBITRAGE REBATE REGULATIONS**<sup>©</sup>

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 bonds<sup>1</sup> to be excluded from gross income (i.e., tax-exempt) the issuer must rebate to the United States the sum of, (1) the excess of the amount earned on all "nonpurpose investments" acquired with "gross proceeds" of the issue over the amount which would have been earned if such investments had been invested at a yield equal to the yield on the issue, and (2) the earnings on such excess earnings.

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

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

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

## Effective Dates

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

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

## Future Value Computation Method

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

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

computation date, is equal to the excess of the (1) future value of all receipts from investments (i.e., earnings), over (2) the future value of all payments.

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

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

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

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

<u>Date</u>	<u>Receipts (Payments)</u>	<u>FY (7.0000 percent)</u>
01/1/1994	(\$49,000,000)	(\$69,119,339)
02/1/1994	3,000,000	4,207,602
04/1/1994	5,000,000	6,932,715
06/1/1994	14,000,000	19,190,277
09/1/1994	20,000,000	26,947,162
01/1/1995	(1,000)	(1,317)
07/1/1995	10,000,000	12,722,793
01/1/1996	(1,000)	(1,229)
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 annual period ending on the first anniversary of the delivery date that the issue is outstanding. In effect, yield on a variable yield issue is determined on each computation date by "looking back" at the interest payments for such period. The regulations, however, permit an issuer of a variable-yield issue to elect to compute the yield for annual periods ending on any date in order to permit a matching of such yield to the expenditure of the proceeds. Any such election must be made in writing, is irrevocable, and must be made no later than the earlier of (1) the fifth anniversary date, or (2) the final maturity date.

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

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

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

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

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

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

#### **Earnings on Nonpurpose Investments**

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

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

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

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

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

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

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

funds of the issuer would be invested at the same yield or at a higher yield. An exception to this market price rule is available for United States Treasury Obligations - State or Local Government Series in which case the purchase price is always the market price.

### **Reimbursement and Working Capital**

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

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

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

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

### **Rebate Payments**

Rebate payments generally are due 60 days after each installment computation date. The interim computation dates occur each fifth anniversary of the issue date. The final computation date is on the latest of (1) the date 60 days after the date the issue of bonds is no longer outstanding, (2) the date eight months after the date of issue for certain short-term obligations (i.e., obligations retired within three years), or (3) the date the issuer no longer reasonably expects any spending exception, discussed below, to apply to the issue. On such

payment dates, other than the final payment date, an issuer is required to pay 90 percent of the rebatable arbitrage to the United States. On the final payment date, an issuer is required to pay 100 percent of the remaining rebate liability.

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

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

#### **Alternative Penalty Amount**

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

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

#### **Exceptions to Rebate**

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

a. *Small Issuers.* The first exception provides that if an issuer (together with all subordinate issuers) during a calendar year does not issue tax-exempt bonds<sup>2</sup> in an aggregate

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<sup>2</sup> 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.

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) can not be taken into account as expended. As such, bonds with excess gross proceeds generally can not satisfy the second exception unless the amount does not exceed the lesser of five percent or \$100,000 and such de minimis amount must be expended within one year.

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

18-Month Exception. The regulations also establish a non-statutory exception to arbitrage rebate if all of the gross proceeds (including investment earnings) are expended within 18 months after the date of issue. Under this exception, 15 percent of the gross proceeds must be expended within a six-month spending period, 60 percent within a 12-month spending period and 100 percent within an 18-month spending period. The rule permits an issuer to rely on its reasonable expectations for computing investment earnings which are included as gross

proceeds during the first and second spending period. A reasonable retainage not to exceed five percent of the sale proceeds of the issue is not required to be spent within the 18-month period but must be expended within 30 months. Rules similar to the six-month exception relate to the definition of gross proceeds.

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

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

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

**FOR BONDS ISSUED AFTER THE EFFECTIVE DATE OF THE TAX REFORM ACT OF 1986 WHICH WERE OUTSTANDING AS OF NOVEMBER 11, 1988, OTHER THAN PRIVATE ACTIVITY BONDS, SHORT TERM BONDS OR VARIABLE RATE BONDS, A ONE-TIME ELECTION MAY BE MADE TO EXCLUDE EARNINGS ON "BONA FIDE DEBT SERVICE FUNDS" WITHOUT REGARD TO THE \$100,000, LIMITATION. THE ELECTION MUST BE MADE IN WRITING (AND MAINTAINED AS PART OF THE ISSUER'S BOOKS AND**

**RECORDS) NO LATER THAN THE LATER OF MARCH 21, 1990, OR THE FIRST DATE A REBATE PAYMENT IS REQUIRED.**

**Conclusion**

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

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

Exhibit "B"

LAW OFFICES

**MCCALL, PARKHURST & HORTON L.L.P.**

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October 30, 2009

Mr. Warren N. Brewer, Jr.  
Regional Manager, Northern Region  
Trinity River Authority of Texas  
P.O. Box 240  
Arlington, Texas 76004

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

Dear Mr. Brewer:

As you know, the Trinity River Authority of Texas (the "Issuer") will issue the captioned bonds in order to provide for the acquisition and construction of the project. As a result of that issuance, the federal income tax laws impose certain restrictions on the investment and expenditure of amounts to be used for the project or to be deposited to the interest and sinking fund and the reserve fund for the captioned bonds. 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 bonds. 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 bonds.

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

First, the sale and investment proceeds to be used for the project may be invested for up to three years without regard to yield. (Such amounts, however, may be subject to rebate.) Thereafter, they must be invested at or below the bond yield. Importantly, expenditure of these proceeds must be accounted in your books and records. Allocations of these expenditures must occur within 18 months of the later of the date paid or the date the project is completed. The foregoing notwithstanding, the allocation should not occur later than 60 days

after the earlier of (1) of five years after the delivery date of the bonds or (2) the date the bonds are retired unless you obtain an opinion of bond counsel.

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

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

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

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

The Resolution contains covenants that require the Issuer to comply with the requirements of the federal tax laws relating to the tax-exempt obligations. The Internal Revenue Service (the "Service") has determined that certain materials, records and information should be retained by the issuers of tax-exempt obligations for the purpose of enabling the Service to confirm the exclusion of the interest on such obligations under the Internal Revenue Code. **Accordingly, the Issuer should retain such materials, records and information for the period beginning on the issue date of the captioned bonds and ending three years after the date the captioned bonds are 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 bonds, 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 bonds, 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.

Finally, you should notice that the 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 bonds. 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 the yield restriction rules as applied to amounts deposited to the funds. Moreover, this letter does not address the rebate consequences with respect to the interest and sinking fund and the reserve fund. You should review the memorandum attached to the Federal Tax Certificate as Exhibit "A" for this purpose. If you have certain concerns with respect to the matters discussed in this letter or wish to ask additional questions with regards to certain limitations imposed, please feel free to contact our firm. Thank you for your consideration and we look forward to our continued relationship.

Very truly yours,

McCALL, PARKHURST & HORTON L.L.P.

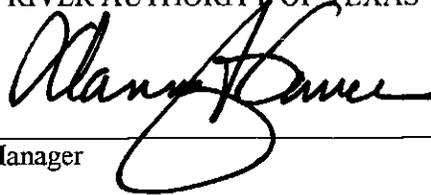
cc: Mr. G. Charles Kobdich

**TAB 12**



SIGNED this DEC 02 2009

TRINITY RIVER AUTHORITY OF TEXAS

A handwritten signature in black ink, appearing to read "Alan J. Hume". The signature is written in a cursive style with a large, looping initial "A".

General Manager

**TAB 13**

**STANDARD  
& POOR'S**

500 North Akard Street  
Lincoln Plaza, Suite 3200  
Dallas, TX 75201  
tel 214 871-1402  
reference no.: 1085591

October 14, 2009

Trinity River Authority of Texas  
5300 S. Collins  
Arlington, TX 76018  
Attention: Mr. Randy Brooks

Re: *US\$27,225,000 Trinity River Authority, Texas, Revenue Bonds, (Denton Creek), Series 2009, dated: August 29, 2008, due: November 30, 2031*

Dear Mr. Brooks:

Pursuant to your request for a Standard & Poor's rating on the above-referenced obligations, we have reviewed the information submitted to us and, subject to the enclosed *Terms and Conditions*, have assigned a rating of "AA". Standard & Poor's views the outlook for this rating as stable. A copy of the rationale supporting the rating is enclosed.

The rating is not investment, financial, or other advice and you should not and cannot rely upon the rating as such. The rating is based on information supplied to us by you or by your agents but does not represent an audit. We undertake no duty of due diligence or independent verification of any information. The assignment of a rating does not create a fiduciary relationship between us and you or between us and other recipients of the rating. We have not consented to and will not consent to being named an "expert" under the applicable securities laws, including without limitation, Section 7 of the Securities Act of 1933. The rating is not a "market rating" nor is it a recommendation to buy, hold, or sell the obligations.

This letter constitutes Standard & Poor's permission to you to disseminate the above-assigned rating to interested parties. Standard & Poor's reserves the right to inform its own clients, subscribers, and the public of the rating.

Standard & Poor's relies on the issuer/obligor and its counsel, accountants, and other experts for the accuracy and completeness of the information submitted in connection with the rating. This rating is based on financial information and documents we received prior to the issuance of this letter. Standard & Poor's assumes that the documents you have provided to us are final. If any subsequent changes were made in the final documents, you must notify us of such changes by sending us the revised final documents with the changes clearly marked.

To maintain the rating, Standard & Poor's must receive all relevant financial information as soon as such information is available. Placing us on a distribution list for this information would facilitate the process. You must promptly notify us of all material changes in the financial information and the documents. Standard & Poor's may change, suspend, withdraw, or place on

Mr. Randy Brooks  
Page 2  
October 14, 2009

CreditWatch the rating as a result of changes in, or unavailability of, such information. Standard & Poor's reserves the right to request additional information if necessary to maintain the rating.

Please send all information to:  
Standard & Poor's Ratings Services  
Public Finance Department  
55 Water Street  
New York, NY 10041-0003

Standard & Poor's is pleased to be of service to you. For more information on Standard & Poor's, please visit our website at [www.standardandpoors.com](http://www.standardandpoors.com). If we can be of help in any other way, please call or contact us at [nypublicfinance@standardandpoors.com](mailto:nypublicfinance@standardandpoors.com). Thank you for choosing Standard & Poor's and we look forward to working with you again.

Sincerely yours,

Standard & Poor's Ratings Services  
a division of The McGraw-Hill Companies, Inc.



th  
enclosures

cc: Ms. Darlene Snodgrass  
Ms. Mary M. Williams

# STANDARD & POOR'S

## Standard & Poor's Ratings Services Terms and Conditions Applicable To U.S. Public Finance Ratings

Request for a rating. Standard & Poor's issues public finance ratings for a fee upon request from an issuer, or from an underwriter, financial advisor, investor, insurance company, or other entity, provided that the obligor and issuer (if different from the obligor) each has knowledge of the request. The term "issuer/obligor" in these Terms and Conditions means the issuer and the obligor if the obligor is different from the issuer.

Agreement to Accept Terms and Conditions. Standard & Poor's assigns Public Finance ratings subject to the terms and conditions stated herein and in the rating letter. The issuer/obligor's use of a Standard & Poor's public finance rating constitutes agreement to comply in all respects with the terms and conditions contained herein and in the rating letter and acknowledges the issuer/obligor's understanding of the scope and limitations of the Standard & Poor's rating as stated herein and in the rating letter.

Fees and expenses. In consideration of our analytic review and issuance of the rating, the issuer/obligor agrees to pay Standard & Poor's a rating fee. Payment of the fee is not conditioned on Standard & Poor's issuance of any particular rating. In most cases an annual surveillance fee will be charged for so long as we maintain the rating. The issuer/obligor will reimburse Standard & Poor's for reasonable travel and legal expenses if such expenses are not included in the fee. Should the rating not be issued, the issuer/obligor agrees to compensate Standard & Poor's based on the time, effort, and charges incurred through the date upon which it is determined that the rating will not be issued.

Scope of Rating. The issuer/obligor understands and agrees that (i) an issuer rating reflects Standard & Poor's current opinion of the issuer/obligor's overall financial capacity to pay its financial obligations as they come due, (ii) an issue rating reflects Standard & Poor's current opinion of the likelihood that the issuer/obligor will make payments of principal and interest on a timely basis in accordance with the terms of the obligation, (iii) a rating is an opinion and is not a verifiable statement of fact, (iv) ratings are based on information supplied to Standard & Poor's by the issuer/obligor or by its agents and upon other information obtained by Standard & Poor's from other sources it considers reliable, (v) Standard & Poor's does not perform an audit in connection with any rating and a rating does not represent an audit by Standard & Poor's, (vi) Standard & Poor's relies on the issuer/obligor, its accountants, counsel, and other experts for the accuracy and completeness of the information submitted in connection with the rating and surveillance process, (vii) Standard & Poor's undertakes no duty of due diligence or independent verification of any information, (viii) Standard & Poor's does not and cannot guarantee the accuracy, completeness, or timeliness of the information relied on in connection with a rating or the results obtained from the use of such information, (ix) Standard & Poor's may raise, lower, suspend, place on CreditWatch, or withdraw a rating at any time, in Standard & Poor's sole discretion, and (x) a rating is not a "market" rating nor a recommendation to buy, hold, or sell any financial obligation.

Publication. Standard & Poor's reserves the right to publish, disseminate, or license others to publish or disseminate the rating and the rationale for the rating unless the issuer/obligor specifically requests that the rating be assigned and maintained on a confidential basis. If a confidential rating subsequently becomes public through disclosure by the issuer/obligor or a third party other than Standard & Poor's, Standard & Poor's reserves the right to publish it. Standard & Poor's may publish explanations of Standard & Poor's ratings criteria from time to time and nothing in this Agreement shall be construed as limiting Standard & Poor's ability to modify or refine Standard & Poor's criteria at any time as Standard & Poor's deems appropriate.

Information to be Provided by the Issuer/obligor. The issuer/obligor shall meet with Standard & Poor's for an analytic review at any reasonable time Standard & Poor's requests. The issuer/obligor also agrees to provide Standard & Poor's promptly with all information relevant to the rating and surveillance of the rating including information on material changes to information previously supplied to Standard & Poor's. The rating may be affected by Standard & Poor's opinion of the accuracy, completeness, timeliness, and reliability of information received from the issuer/obligor or its agents. Standard & Poor's undertakes no duty of due diligence or independent verification of

information provided by the issuer/obligor or its agents. Standard & Poor's reserves the right to withdraw the rating if the issuer/obligor or its agents fails to provide Standard & Poor's with accurate, complete, timely, or reliable information.

Standard & Poor's Not an Advisor, Fiduciary, or Expert. The issuer/obligor understands and agrees that Standard & Poor's is not acting as an investment, financial, or other advisor to the issuer/obligor and that the issuer/obligor should not and cannot rely upon the rating or any other information provided by Standard & Poor's as investment or financial advice. Nothing in this Agreement is intended to or should be construed as creating a fiduciary relationship between Standard & Poor's and the issuer/obligor or between Standard & Poor's and recipients of the rating. The issuer/obligor understands and agrees that Standard & Poor's has not consented to and will not consent to being named an "expert" under the applicable securities laws, including without limitation, Section 7 of the U.S. Securities Act of 1933.

Limitation on Damages. The issuer/obligor agrees that Standard & Poor's, its officers, directors, shareholders, and employees shall not be liable to the issuer/obligor or any other person for any actions, damages, claims, liabilities, costs, expenses, or losses in any way arising out of or relating to the rating or the related analytic services provided for in an aggregate amount in excess of the aggregate fees paid to Standard & Poor's for the rating, except for Standard & Poor's gross negligence or willful misconduct. In no event shall Standard & Poor's, its officers, directors, shareholders, or employees be liable for consequential, special, indirect, incidental, punitive or exemplary damages, costs, expenses, legal fees, or losses (including, without limitation, lost profits and opportunity costs). In furtherance and not in limitation of the foregoing, Standard & Poor's will not be liable in respect of any decisions made by the issuer/obligor or any other person as a result of the issuance of the rating or the related analytic services provided by Standard & Poor's hereunder or based on anything that appears to be advice or recommendations. The provisions of this paragraph shall apply regardless of the form of action, damage, claim, liability, cost, expense, or loss, whether in contract, statute, tort (including, without limitation, negligence), or otherwise. The issuer/obligor acknowledges and agrees that Standard & Poor's does not waive any protections, privileges, or defenses it may have under law, including but not limited to, the First Amendment of the Constitution of the United States of America.

Term. This Agreement shall terminate when the ratings are withdrawn. Notwithstanding the foregoing, the paragraphs above, "Standard & Poor's Not an Advisor, Fiduciary, or Expert" and "Limitation on Damages", shall survive the termination of this Agreement or any withdrawal of a rating.

Third Parties. Nothing in this Agreement, or the rating when issued, is intended or should be construed as creating any rights on behalf of any third parties, including, without limitation, any recipient of the rating. No person is intended as a third party beneficiary to this Agreement or to the rating when issued.

Binding Effect. This Agreement shall be binding on, and inure to the benefit of, the parties hereto and their successors and assigns.

Severability. In the event that any term or provision of this Agreement shall be held to be invalid, void, or unenforceable, then the remainder of this Agreement shall not be affected, impaired, or invalidated, and each such term and provision shall be valid and enforceable to the fullest extent permitted by law.

Complete Agreement. This Agreement constitutes the complete agreement between the parties with respect to its subject matter. This Agreement may not be modified except in a writing signed by authorized representatives of both parties.

Governing Law. This Agreement and the rating letter shall be governed by the internal laws of the State of New York. The parties agree that the state and federal courts of New York shall be the exclusive forums for any dispute arising out of this Agreement and the parties hereby consent to the personal jurisdiction of such courts.

## Trinity River Authority, Texas

**Primary Credit Analysts:**

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edward\_mcglaude@  
standardandpoors.com

**Secondary Credit Analysts:**

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sarah\_smaardyk@  
standardandpoors.com

**Credit Profile**

**US\$27.225 mil. Regional Wastewater System Revenue Bonds, (Denton Creek), Series 2009**

**dated 08/29/2008, due 11/30/2031**

Long Term Rating

AA / Stable

New

### Rationale

Standard & Poor's Ratings Services assigned its 'AA' long-term rating and stable outlook to Trinity River Authority, Texas' series 2009 regional system revenue bonds, issued for Denton Creek Regional Wastewater Treatment System. We also affirmed the 'AA' underlying rating (SPUR), with a stable outlook, on the authority's parity debt based on the member cities' general creditworthiness and financial stability, as well as their strong service area economics and utility system operations.

These cities' water and sewer systems collectively exhibit:

- Revenue streams that provide adequate debt service coverage (DSC),
- Low treatment rates, and
- Sufficient treatment capacity.

A first-lien pledge on net revenues derived from contract participants' payments to the authority secures the bonds. Bond proceeds will be used to purchase land for the project.

Payments, considered operating expenses of the participants, are based on the participants' sewer flows as a percentage of total flows to the plant. Contracts require unconditional debt service payment regardless of treatment services. While there is no explicit language that requires a reallocation of expenses should a participant fail to pay, authority officials can recalculate participant obligations midyear under a broad range of circumstances, providing an effective step-up provision. A debt service reserve fund in the amount of the average annual debt service requirement provides additional security.

**RatingsDirect**  
**Publication Date**  
Oct. 19, 2009

Wastewater from all, or portions of, 10 municipal entities in the Dallas-Fort Worth Metroplex is collected and treated at the Denton Creek Regional Wastewater Treatment System. Each municipality's payment is an operating expense of its water and sewer system, with contracts in place until the bonds are paid off.

Participants, who account for all system revenues, are:

- Fort Worth (48.2% of the projected 2009 allocation; 'AA' revenue bond rating);
- Southlake (19.5%);
- Roanoke (18.4%);
- Haslet (4.7%);
- Westlake (3.6%);
- Keller (2.9%);
- Northlake (1.2%);
- Flower Mound (0.9%);
- Circle T Municipal Utility District No. 3 (0.8%); and
- Circle T Municipal Utility District No. 1 (0.3%).

Each participant benefits from the healthy Dallas-Fort Worth area economy. The largest participants' relatively high buildout, however, mitigates growth pressures. System treatment capacity is five million gallons per day (mgd), with projected flows reaching 6.6 mgd day by 2012. Officials will primarily use bond proceeds to finance the expansion of plant capacity to 11 mgd from 5 mgd as well as the expansion of a lift station to 26 mgd.

The financial position of the project's fund is sound. Based on the 2006 audit, revenues were sufficient to provide annual DSC of at least 1x. With the preparation of the authority's annual budget, officials estimate obligations to the authority by participant cities and apply overpayments or underpayments at fiscal year-end. Coverage calculations were made before any such true-up by the authority. The new maximum annual debt service payment will grow to more than \$7.86 million. Authority management estimates it will need a projected flow increase, coupled with a small potential rate increase in the cost per 1,000 gallons, to cover this new maximum. Pro forma projections indicate DSC at the authority level will never decline below 1.5x.

## Outlook

The stable outlook reflects the expectation that participant cities will continue to provide revenues that generate adequate DSC and that, following this expansion, currently identified capital requirements will remain moderate.

## Related Research

USPF Criteria: "Standard & Poor's Revises Criteria For Rating Water, Sewer, And Drainage Utility Revenue Bonds," Sept. 15, 2008

**Ratings Detail (As Of 19-Oct-2009)**

**Outstanding Regional System Revenue Bonds, (Denton Creek Texas Water Development Bonds Wrap Debt)**

**Series 2007, 2008**

Long Term Rating	AA / Stable	Affirmed
Outstanding Regional Wastewater Treatment System Revenue Bonds, (Denton Creek), Series 2000		
Unenhanced Rating	AA (SPUR) / Stable	Affirmed
Outstanding Revenue Improvement and Refunding Bonds, (Denton Creek), Series 2003		
Unenhanced Rating	AA (SPUR) / Stable	Affirmed
Outstanding Regional Wastewater Treatment System Revenue Improvement Bonds, (Denton Creek), Series 2006		
Unenhanced Rating	AA (SPUR) / Stable	Affirmed

Many issues are enhanced by bond insurance.

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**TAB 14**

## PAYING AGENT/REGISTRAR AGREEMENT

THIS AGREEMENT entered into as of November 15, 2009 (this "Agreement"), by and between Trinity River Authority of Texas (the "Issuer"), and The Bank of New York Mellon Trust Company, National Association (the "Bank").

### RECITALS

WHEREAS, the Issuer has duly authorized and provided for the issuance of its Denton Creek Regional Wastewater Treatment System Revenue Bonds, Series 2009 (the "Securities") in the aggregate principal amount of \$7,760,000, 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 December 2, 2009; and

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

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

NOW, THEREFORE, it is mutually agreed as follows:

### ARTICLE ONE

#### APPOINTMENT OF BANK AS PAYING AGENT AND REGISTRAR

##### **Section 1.01. Appointment.**

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

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

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

**Section 1.02. Compensation**

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:

"Acceleration Date" on any Security means the date on and after which the principal or any or all installments of interest, or both, are due and payable on any Security which has become accelerated pursuant to the terms of the Security.

"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.

"Fiscal Year" means the fiscal year of the Issuer, ending August 31.

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

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

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

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

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

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

"Record Date" means the last business day of the month next preceding payment.

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

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

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

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

**Section 2.02. Other Definitions.**

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

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

**ARTICLE THREE  
PAYING AGENT**

**Section 3.01. Duties of Paying Agent.**

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

**Section 3.03. Reporting Requirements.**

To the extent required by the Code or the Treasury Regulations, the Bank shall report to the Holders and the Internal Revenue Service the amount of interest paid or the amount treated as interest accrued on the Bonds which is required to be reported by the Holders on their returns of federal income tax.

**ARTICLE FOUR  
REGISTRAR**

**Section 4.01. Security Register - Transfers and Exchanges.**

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

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

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

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

**Section 4.02. Certificates.**

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

**Section 4.03. Form of Security Register.**

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

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

**Section 4.04. List of Security Holders.**

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

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

**Section 4.05. Cancellation of Certificates.**

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

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

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

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

**Section 4.07. Transaction Information to Issuer.**

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

ARTICLE FIVE  
THE BANK

**Section 5.01. Duties of Bank.**

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

The Bank is also authorized to transfer funds relating to the closing and initial delivery of the securities in the manner disclosed in the closing memorandum approved by the Issuer 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.

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

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

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

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

**Section 5.03. Recitals of Issuer.**

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

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

**Section 5.04. May Hold Securities**

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

**Section 5.05. Moneys Held by Bank**

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

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

**Section 5.06. Indemnification**

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

**Section 5.07. Interpleader**

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

**Section 5.08. Depository Trust Company Services.**

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

ARTICLE SIX  
MISCELLANEOUS PROVISIONS

**Section 6.01. Amendment.**

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

**Section 6.02. Assignment.**

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

**Section 6.03. Notices.**

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

**Section 6.04. Effect of Headings.**

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

**Section 6.05. Successors and Assigns.**

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

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

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

**Section 6.07. Severability.**

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

**Section 6.08. Benefits of Agreement.**

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

**Section 6.09. Entire Agreement.**

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

**Section 6.10. Counterparts.**

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

**Section 6.11. Termination.**

This Agreement will terminate (I) on the date of final payment of the principal of and interest on the Securities to the Holders thereof or (ii) may be earlier terminated by either party upon sixty (60) days written notice; provided, however, an early termination of this Agreement by either party shall not be effective until (a) a successor Paying Agent/Registrar has been appointed by the Issuer and such appointment accepted and (b) notice has been given to the Holders of the Securities of the appointment of a successor Paying Agent/Registrar. If the 60-day notice period expires and no successor has been appointed, the Bank, at the expense of the Issuer, has the right to petition a court of competent jurisdiction to appoint a successor under the Agreement. 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.

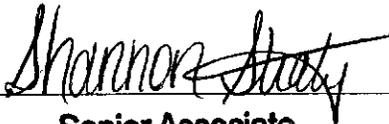
The provisions of Section 1.02 and of Article Five shall survive and remain in full force and effect following the termination of this Agreement.

**Section 6.12. Governing Law.**

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

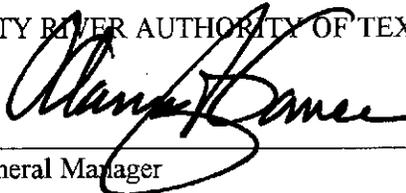
IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

THE BANK OF NEW YORK MELLON TRUST COMPANY,  
NATIONAL ASSOCIATION

By   
Title Senior Associate

2001 Bryan Street, 8<sup>th</sup> Floor, Dallas, Texas 75201

TRINITY RIVER AUTHORITY OF TEXAS

By   
General Manager

5300 S. Collins, Arlington, Texas 76018



BNY MELLON  
CORPORATE TRUST

## Fee Schedule

### *Trinity River Authority Denton Creek Regional Wastewater System Revenue Bonds, Series 2009*

		None
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A one-time charge covering the Bank Officer's review of governing documents, communication with members of the closing party, including representatives of the issuer, investment banker(s) and attorney(s), establishment of procedures and controls, set-up of trust accounts and tickler suspense items and the receipt and disbursement/investment of bond proceeds. This fee is payable on the closing date.

Paying Agent Administration Fee		\$500
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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, then we will have to charge an additional \$1000 per year as a paying agent. This fee is payable annually, in advance.

OR

Paying Agent		\$500
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A one-time charge covering the normal duties and responsibilities related to account administration. This fee is payable on the closing date.

Extraordinary Services/Misc Fees		At Appraisal
----------------------------------	--	--------------

The charges for performing extraordinary or other services not contemplated at the time of the execution of the transaction or not specifically covered elsewhere in this schedule will be commensurate with the service to be provided and may be charged in BNYMTC's sole discretion. If it is contemplated that the Trustee hold and/or value collateral or enter into any investment contract, forward purchase or similar or other agreement, 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. Should this transaction terminate prior to closing, all out-of-pocket expenses incurred, including legal fees, will be billed at cost. If all outstanding bonds of a series are defeased or called in full prior to their maturity, a termination fee may be assessed at that time.

These extraordinary services may include, but are not limited to, supplemental agreements, consent operations, unusual releases, tender processing, sinking fund redemptions, failed remarketing processing, the preparation of special or interim reports, custody of collateral, a one-time fee to be charged upon termination of an engagement. Counsel, accountants, special agents and others will be charged at the actual amount of fees and expenses billed, UCC filing fees, money market sweep fees, auditor confirmation fees, wire transfer fees,



**BNY MELLON**  
CORPORATE TRUST

transaction fees to settle third-party trades and reconciliation fees to balance trust account balances to third-party investment provider statements

Annual fees include one standard audit confirmation per year without charge. Standard audit confirmations include the final maturity date, principal paid, principal outstanding, interest cycle, interest paid, cash and asset information, interest rate, and asset statement information. Non-standard audit confirmation requests may be assessed an additional fee. Periodic tenders, sinking fund, optional or extraordinary call redemptions will be assessed at \$300 per event.

**Contingent Fees** **At Appraisal**

FDIC or other governmental charges will be passed along to you as incurred.

**Terms and Disclosures**

**Terms of Proposal**

Final acceptance of the appointment under the Indenture is subject to approval of authorized officers of BNYM and full review and execution of all documentation related hereto. Please note that if this transaction does not close, you will be responsible for paying any expenses incurred, including Counsel Fees. We reserve the right to terminate this offer if we do not enter into final written documents within three months from the date this document is first transmitted to you. Fees may be subject to adjustment during the life of the engagement.

**Customer Notice Required by the USA Patriot Act**

To help the US 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.

What this means to you: 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 to identify you. We may also ask for a Certificate of Incorporation or similar document or other pertinent identifying documentation for your type of organization.

We thank you for your assistance.

**TAB 15**

EXHIBIT A

Estimated fees and expenses to be paid by First Southwest Company on behalf of the Authority for \$7,760,000 Trinity River Authority of Texas Denton Creek Regional Wastewater System Revenue Bonds, Series 2009:

<u>Costs of Issuance</u>	
Financial Advisory Fee.....	\$ 38,660.00
Financial Advisory Expenses.....	1,000.00
Bond Counsel.....	53,800.00 *
Bond Counsel Expenses.....	1,500.00 *
Attorney General.....	7,760.00 *
S&P.....	10,800.00
Paying Agent BONY.....	4,500.00 *
SRF 10 copy preparation Printing & Assembly Fee.....	760.00
TRA Administrative Fee.....	80,000.00 *
CUSIP.....	587.00
Miscellaneous.....	10,633.00
Total Cost of Issuance	<u>\$ 210,000.00</u>
*Fees paid through closing instructions	<u>(147,560.00)</u>
Cost of Issuance funds received by FSC at closing	<u>\$ 62,440.00</u>

**TAB 16**



ATTORNEY GENERAL OF TEXAS  
GREG ABBOTT

November 20, 2009

THIS IS TO CERTIFY that the Trinity River Authority of Texas (the "Issuer") has submitted to me Trinity River Authority of Texas Denton Creek Regional Wastewater Treatment System Revenue Bonds, Series 2009 (the "Bonds"), in the aggregate principal amount of \$7,760,000, for approval. The Bonds are dated November 15, 2009, numbered R-1 through R-25, and were authorized by Resolution No. R-1283 of the Issuer passed on October 28, 2009 (the "Resolution"). The record of proceedings submitted with the Bonds included the Resolution and a Certificate of General Manager relating to the Bonds.

I have examined the law and such certified proceedings and other papers as I deem necessary to render this opinion.

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

I express no opinion relating to the official statement or any other offering material relating to the Bonds.

Based on my examination, I am 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):

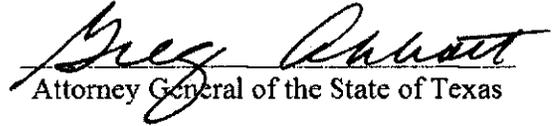
- (1) The Bonds have been issued in accordance with law and are valid and binding special obligations of the Issuer.
- (2) The Bonds are payable from and secured by a first lien on and pledge of the Pledged Revenues derived from the various contracts between the Issuer and the Contracting Parties.
- (3) The Owner of the Bonds shall never have the right to demand payment of the Bonds, or the interest thereon, from any funds raised or to be raised by the levy of taxes by the Issuer.
- (4) The proceedings conform to the requirements of law.

Trinity River Authority of Texas Denton Creek Regional Wastewater Treatment System Revenue  
Bonds, Series 2009 - \$7,760,000

-Page 2-

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Therefore, the Bonds are approved, and pursuant to Chapter 1371 of the Government Code,  
the proceedings are approved.

  
Attorney General of the State of Texas

No. 49865  
Book No. 2009-D  
JCH

OFFICE OF COMPTROLLER

OF THE STATE OF TEXAS

I, SUSAN COMBS, 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 Denton Creek Regional Wastewater Treatment System Revenue Bonds, Series 2009 and certain related documents, (the "Proceedings")

the bonds are numbered R-1/R-25, of the denomination of \$ various, dated November 15, 2009, as authorized by issuer, interest various percent, under and by authority of which said bonds/certificates and Proceedings were registered electronically in the office of the Comptroller, on the 20th day of November 2009, under Registration Number 76263.

Given under my hand and seal of office, at Austin, Texas, the 20th day of November 2009.



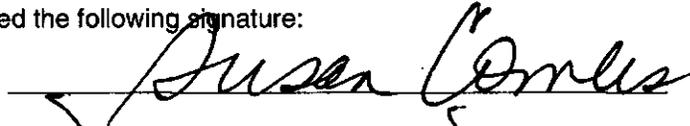
SUSAN COMBS  
Comptroller of Public Accounts  
of the State of Texas

OFFICE OF COMPTROLLER  
OF THE STATE OF TEXAS

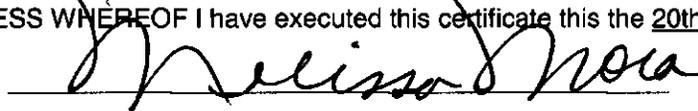
I, Melissa Mora,  Bond Clerk  Assistant Bond Clerk in the office of the Comptroller of the State of Texas, do hereby certify that, acting under the direction and authority of the Comptroller on the 20th day of November 2009, I signed the name of the Comptroller to the certificate of registration endorsed upon the:

Trinity River Authority of Texas Denton Creek Regional Wastewater Treatment System Revenue Bonds, Series 2009 and certain related documents, (the "Proceedings"),

the bonds are numbered R-1/R-25, dated November 15, 2009, and that in signing the certificate of registration I used the following signature:



IN WITNESS WHEREOF I have executed this certificate this the 20th day of November 2009.



I, Susan Combs, 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 76263.

GIVEN under my hand and seal of office at Austin, Texas, this the 20th day of November 2009.



SUSAN COMBS  
Comptroller of Public Accounts  
of the State of Texas

**TAB 17**

LAW OFFICES

MCCALL, PARKHURST & HORTON L.L.P.

600 CONGRESS AVENUE

SUITE 1800

AUSTIN, TEXAS 78701-3248

TELEPHONE: 512 478-3805

FACSIMILE: 512 472-0871

717 NORTH HARWOOD

SUITE 900

DALLAS, TEXAS 75201-6587

TELEPHONE: 214 754-9200

FACSIMILE: 214 754-9250

700 N. ST. MARY'S STREET

SUITE 1525

SAN ANTONIO, TEXAS 78205-3503

TELEPHONE: 210 225-2800

FACSIMILE: 210 225-2984

DEC 02 2009

TRINITY RIVER AUTHORITY OF TEXAS  
DENTON CREEK REGIONAL WASTEWATER TREATMENT SYSTEM  
REVENUE BONDS, SERIES 2009  
DATED NOVEMBER 15, 2009

AS BOND COUNSEL FOR THE ISSUER (the "Issuer") of the Bonds described above (the "Bonds"), we have examined into the legality and validity of the Bonds, which bear interest from the dates specified in the text of the Bonds, until maturity or redemption, at the rates and payable on the dates as stated in the text of the Bonds, and maturing on February 1 in each of the years 2012 through 2036, inclusive, with the Bonds being subject to redemption prior to maturity, all as provided in the resolution of the Issuer authorizing the issuance of the Bonds (the "Bond Resolution").

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

BASED ON SAID EXAMINATION, it is our opinion that the Bonds have been authorized, issued and duly delivered in accordance with law; and that except as may be limited by laws applicable to the Issuer relating to federal bankruptcy laws and any other similar laws affecting the rights of creditors of political subdivisions generally, which rights may be limited by general principles of equity which permit the exercise of judicial discretion, (i) the covenants and agreements in the Bond Resolution constitute valid and binding special obligations of the Issuer, which, together with other parity bonds, are secured by and payable from a first lien on and pledge of the "Pledged Revenues", as defined in the Bond Resolution, which include the "Net Revenues" of the Issuer's Denton Creek regional wastewater treatment "System", as defined in the Bond Resolution, and includes payments and amounts derived by the Issuer from various contracts styled "Trinity River Authority of Texas - Denton Creek Regional Wastewater Treatment System Contract," between the Issuer and the Cities of Fort Worth, Haslet, Keller, Roanoke and Southlake, Texas, the Towns of Argyle, Flower Mound, Northlake and Westlake, Texas and Circle T Municipal Utility District Nos. 1 and 3 of Tarrant and Denton Counties, Texas and (ii) said contracts are authorized by law, have been duly executed, are valid, and are legally binding upon and enforceable by the parties thereto in accordance with their terms and provisions.

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

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

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

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

IT IS FURTHER OUR OPINION, that, except as discussed below, under the statutes, regulations, published rulings and court decisions existing on the date of this opinion, for federal income tax purposes, the interest on the Bonds (i) is excludable from the gross income of the owners thereof and (ii) is not includable in an owner's alternative minimum taxable income under Section 55 of the Internal Revenue Code of 1986. 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. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result. We have not been requested to investigate or verify, and have not investigated or verified, any records, data, or other material relating to the financial condition or capabilities of the Issuer or the Contracting Parties, or the adequacy of the Pledged Revenues to be derived from the Contract, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Bonds and have relied solely on certificates executed by officials of the Issuer as to the current outstanding indebtedness of, and sufficiency of the Pledged Revenues.

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

treat the Issuer as the taxpayer. We observe that the Issuer has covenanted not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Bonds as includable in gross income for federal income tax purposes.

Respectfully,

*M. Call, For M&T + Home L.L.P.*

**TAB 18**

LAW OFFICES

McCALL, PARKHURST & HORTON L.L.P.

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

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

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

February 8, 2010

CERTIFIED MAIL RRR: 7006 2150 0002 3156 7915

Internal Revenue Service Center  
Ogden, Utah 84201

Re: Information Reporting - Tax-Exempt Bonds  
Trinity River Authority of Texas  
Denton Creek Wastewater Treatment System Revenue Bonds, Series 2009

Ladies and Gentlemen:

Pursuant to the requirements of Section 149(e) of the Internal Revenue Code of 1986, enclosed please find an original and a photocopy of Form 8038-G which is hereby submitted to you for the above-captioned bonds issued December 2, 2009.

Please file the original and return the "Acknowledgment Copy" of Form 8038-G to the undersigned in the enclosed self-addressed, postage paid envelope.

Sincerely,

McCALL, PARKHURST & HORTON L.L.P.



Harold T. Flanagan

HTF: ved  
Enclosures  
cc: Mr. G. Charles Kobdich

**Information Return for Tax-Exempt Governmental Obligations**

► Under Internal Revenue Code section 149(e)  
 ► See separate instructions.

OMB No. 1545-0720

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

**Part I Reporting Authority** If Amended Return, check here

1 Issuer's name <b>TRINITY RIVER AUTHORITY OF TEXAS</b>	2 Issuer's employer identification number <b>75 6005084</b>
3 Number and street (or P.O. box if mail is not delivered to street address) <b>P.O. BOX 240</b>	Room/suite
5 City, town, or post office, state, and ZIP code <b>ARLINGTON, TEXAS 76004</b>	4 Report number <b>3 02</b>
7 Name of issue <b>DENTON CREEK REGIONAL WASTEWATER TREATMENT SYSTEM REVENUE BONDS, SERIES 2009</b>	6 Date of issue <b>12/02/09</b>
9 Name and title of officer or legal representative whom the IRS may call for more information <b>WARREN N. BREWER, JR., REGIONAL MANAGER, NORTHERN REGION</b>	8 CUSIP number <b>896564 QN4</b>
	10 Telephone number of officer or legal representative <b>( 817 ) 493-5100</b>

**Part II Type of Issue (check applicable box(es) and enter the issue price)** See instructions and attach schedule.

11 <input type="checkbox"/> Education	11	
12 <input type="checkbox"/> Health and hospital	12	
13 <input type="checkbox"/> Transportation	13	
14 <input type="checkbox"/> Public safety	14	
15 <input type="checkbox"/> Environment (including sewage bonds)	15	
16 <input type="checkbox"/> Housing	16	
17 <input checked="" type="checkbox"/> Utilities	17	<b>7,619,048</b>
18 <input type="checkbox"/> Other. Describe ►	18	
19 If obligations are TANs or RANs, check box <input type="checkbox"/> If obligations are BANs, check box <input type="checkbox"/>		
20 If obligations are in the form of a lease or installment sale, check box <input type="checkbox"/>		

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

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	<b>2/01/2036</b>	<b>\$ 7,619,048</b>	<b>\$ 7,760,000</b>	<b>17.096</b> years	<b>4.0357</b> %

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

22 Proceeds used for accrued interest	22	<b>-0-</b>
23 Issue price of entire issue (enter amount from line 21, column (b))	23	<b>7,619,048</b>
24 Proceeds used for bond issuance costs (including underwriters' discount)	24	<b>210,000</b>
25 Proceeds used for credit enhancement	25	<b>-0-</b>
26 Proceeds allocated to reasonably required reserve or replacement fund	26	<b>-0-</b>
27 Proceeds used to currently refund prior issues	27	<b>-0-</b>
28 Proceeds used to advance refund prior issues	28	<b>-0-</b>
29 Total (add lines 24 through 28)	29	<b>210,000</b>
30 Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	30	<b>7,409,048</b>

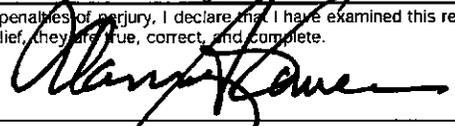
**Part V Description of Refunded Bonds (Complete this part only for refunding bonds.)** N/A

31 Enter the remaining weighted average maturity of the bonds to be currently refunded	►	years
32 Enter the remaining weighted average maturity of the bonds to be advance refunded	►	years
33 Enter the last date on which the refunded bonds will be called	►	
34 Enter the date(s) the refunded bonds were issued	►	

**Part VI Miscellaneous**

35 Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35	<b>-0-</b>
36a Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (see instructions)	36a	<b>-0-</b>
b Enter the final maturity date of the guaranteed investment contract		
37 Pooled financings: a Proceeds of this issue that are to be used to make loans to other governmental units	37a	<b>-0-</b>
b If this issue is a loan made from the proceeds of another tax-exempt issue, check box <input type="checkbox"/> and enter the name of the issuer		<b>N/A</b>
38 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box		<input type="checkbox"/>
39 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box		<input type="checkbox"/>
40 If the issuer has identified a hedge, check box		<input type="checkbox"/>

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.

Sign Here  12/02/09 DANNY F. VANCE,  
GENERAL MANAGER

Signature of issuer's authorized representative Date Type or print name and title

