$11,015,000
TRINITY RIVER AUTHORITY OF TEXAS
MOUNTAIN CREEK REGIONAL WASTEWATER SYSTEM
REVENUE BONDS
SERIES 2011

TRANSCRIPT OF PROCEEDINGS

TRINITY RIVER AUTHORITY OF TEXAS MOUNTAIN CREEK REGIONAL WASTEWATER SYSTEM REVENUE BONDS, SERIES 2011, $11,015,000

TABLE OF CONTENTS

	Tab No.
TWDB Resolutions approving the purchase of Bonds	1
Private Placement Memorandum	2
RESOLUTION AUTHORIZING AND PROVIDING FOR THE ISSUANCE, SALE, AND DELIVERY OF TRINITY RIVER AUTHORITY OF TEXAS MOUNTAIN CREEK REGIONAL WASTEWATER SYSTEM REVENUE BONDS, AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO	3
Certificate of Manager, Financial Services	4
General Certificate - Authority	5
General Certificate - Grand Prairie	6
General Certificate - Midlothian	7
General Certificate - Venus	8
Escrow Agreement	9
Signature Identification and Authority Certificate - Escrow Agent	10
Signature Identification and No-Litigation Certificate	11
Receipt for Proceeds	12
Federal Tax Certificate	13
Closing Certificate	14
Rating Report	15
Paying Agent/Registrar Agreement	16
Closing Memorandum	17
Opinion of Attorney General and Comptroller Registration Certificate	18
Opinion of Bond Counsel re Contract Obligations for Additional Bonds	19
Opinion of Bond Counsel	20
Form 8038-G	21

TAB 1

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
$4,845,000 TRINITY RIVER AUTHORITY – MOUNTAIN CREEK REGIONAL WASTEWATER SYSTEM CONTRACT REVENUE BONDS,
PROPOSED SERIES 2009

(08-110)

WHEREAS, Trinity River Authority (the "*Authority*") has filed an application for financial assistance for its Mountain Creek Regional Wastewater Treatment System in the amount of $4,845,000 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 $4,845,000 Trinity River Authority – Mountain 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 – Mountain Creek Regional Wastewater System for financial assistance in the amount of $4,845,000 from the Clean Water State Revolving Fund, to be evidenced by the Board's proposed purchase of $4,845,000 Trinity River Authority – Mountain 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; and

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; and

28. Prior to closing, the Authority shall submit copies of each of its member cities' water conservation plans.

APPROVED and ordered of record this, the 28th day of October, 2008.

TEXAS WATER DEVELOPMENT BOARD

James E. Herring, Chairman

ATTEST:

J. Kevin Ward
Executive Administrator

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 $7,945,000 TRINITY RIVER AUTHORITY MOUNTAIN CREEK REGIONAL WASTEWATER SYSTEM REVENUE BONDS, PROPOSED SERIES 2009

(09-166)

WHEREAS, Trinity River Authority, on behalf of its Mountain Creek Regional Wastewater System, (the "*TRA*") has filed an application for financial assistance in the amount of $7,945,000 from the Clean Water State Revolving Fund to finance certain wastewater system improvements; and

WHEREAS, TRA seeks financial assistance from the Texas Water Development Board (the "*Board*") through the Board's proposed purchase of $7,945,000 Trinity River Authority Mountain Creek Regional Wastewater System 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 revenues pledged by TRA will be sufficient to meet all the obligations assumed by the TRA;

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 TRA will consider cost-effective, innovative methods of treatment; and

4. that the TRA 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 the Board's rules.

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's Mountain Creek Regional Wastewater System for financial assistance in the amount of $7,945,000 from the Clean Water State Revolving Fund, to be evidenced by the Board's proposed purchase of $7,945,000 Trinity River Authority Mountain Creek Regional Wastewater System Revenue Bonds, Proposed Series 2009. This commitment will expire on November 30, 2011.

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 TRA;

3. this commitment is contingent upon TRA's compliance with all applicable requirements contained in the rules and regulations of the Board;

4. TRA'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. TRA'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 TRA 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 TRA 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 TRA to make any required rebate to the United States of arbitrage earnings;

9. the Authorizing Document must include a provision prohibiting TRA 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 TRA 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;

11. the bond transcript must include a No Arbitrage Certificate or similar Federal Tax Certificate setting forth TRA's reasonable expectations regarding the use, expenditure and investment of the proceeds of the obligations;

12. 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;

13. 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;

14. TRA, 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 TRA'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 TRA's obligations, if the Board sells or otherwise transfers such obligations, and the beneficial owners of the Board's bonds if TRA is an obligated person with respect to such bonds under SEC rule 15c2-12;

15. prior to closing, TRA 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;

16. prior to or at closing, TRA shall pay a 1.85% origination fee to the Board calculated pursuant to Board rules;

17. prior to closing, TRA shall adopt and provide an executed copy of a escrow agreement or a trust agreement, the form and substance of which is acceptable to the Executive Administrator, addressing the deposit of bond proceeds into an escrow account or a trust fund;

18. if a bond insurance policy or a surety policy in lieu of a cash reserve are utilized:

    (a) thirty (30) days before closing, TRA shall submit a draft of the policy to the Board's Executive Administrator for a determination on whether the policy provides appropriate security in accordance with Board policies;

    (b) prior to closing, TRA shall provide the executed underlying documents of the policy (e.g; commitment letter, specimen policy) in a form and substance that is satisfactory to the Board's Executive Administrator; and

    (c) prior to closing, the Attorney General of the State of Texas must have considered the use of said policy as a part of its approval of the proposed bond issue.

19. subject to the availability of funds, TRA's debt structure or the timing of its funding needs, the Board's Executive Administrator may request that TRA execute a separate financing agreement in a form and substance acceptable to the Board;

20. loan proceeds shall not be used by TRA 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 TRA agrees to indemnify, hold harmless and protect the Board 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 TRA, its contractors, consultants, agents, officials and employees as a result of activities relating to the project to the extent permitted by law;

21. TRA 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;

22. 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

23. 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:

24. the loan is approved for funding under the Board's pre-design funding option as specified in 31 TAC §375.39, and initial and future releases of funds are subject to all rules of the Board relating to such funding option;

25. 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;

26. upon request by the Executive Administrator, the Authority shall submit annual audits of Contracting Parties for the Executive Administrator's review; and

27. 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.

APPROVED and ordered of record this, the 19th day of November, 2009.

TEXAS WATER DEVELOPMENT BOARD

James E. Herring, Chairman

ATTEST:

J. Kevin Ward
Executive Administrator

TAB 2

PRIVATE PLACEMENT MEMORANDUM DATED SEPTEMBER 19, 2011

NEW ISSUE BOOK-ENTRY-ONLY

On the date of initial delivery of the Obligations (defined below), Issuer Bond Counsel (defined on page 2) will render its opinion substantially in the form attached in APPENDIX C - FORM OF OPINION OF BOND COUNSEL.

$11,015,000
TRINITY RIVER AUTHORITY OF TEXAS
MOUNTAIN CREEK REGIONAL WASTEWATER SYSTEM REVENUE BONDS
SERIES 2011 (the "Obligations")

Dated: October 15, 2011 **Due:** August 1

Interest Date:	Interest on the Obligations will be payable on February 1 and August 1 each year, commencing February 1, 2012 (each an "Interest Payment Date"). The Obligations will bear interest at the rates per annum set forth in "APPENDIX A - MATURITY SCHEDULE."
Record Date:	The close of business on the fifteenth calendar day of the calendar month immediately preceding the applicable Interest Payment Date.
Date Interest Accrues:	Each Bond shall bear interest from the Delivery Date thereof or the most recent Interest Payment Date to which interest has been paid or provided for at the rate set forth, such interest payable semiannually on February 1 and August 1 of each year until the earliest of maturity or prior redemption, commencing on the February 1, or August 1, immediately following the Delivery Date.
Redemption:	The Obligations are subject to redemption prior to maturity as provided herein. See "THE OBLIGATIONS - Redemption Provisions" herein.
Authorized Denominations:	The Obligations are being issued as fully registered bonds in denominations of $5,000, or any integral multiple thereof.
Paying Agent/Registrar/Registrar:	The paying agent ("Paying Agent/Registrar/Registrar") for the Obligations is The Bank of New York Mellon Trust Company, National Association.
Book-Entry-Only System	Upon initial issuance, the ownership of the Obligations will be registered in the registration books of the Issuer kept by the Paying Agent/Registrar, in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC") to which principal, redemption premium, if any, and interest payments on the Obligations will be made. The purchasers of the Obligations will not receive physical delivery of bond certificates. Principal of, interest, and premium if any, on the Obligations will be payable at the designated office of the Paying Agent/Registrar in Dallas, Texas as the same become due and payable.
Issuer:	Trinity River Authority of Texas.
Official Action:	Bond resolution adopted on June 22, 2011 and the related Certificate of Manager, Financial Services dated September 19, 2011.
Purpose:	See "APPENDIX B - OFFICIAL ACTION."
Security for the Obligations:	See APPENDIX B - OFFICIAL ACTION."
Ratings:	See "OTHER INFORMATION - Ratings"
Delivery Date:	October 26, 2011.

See "APPENDIX A - MATURITY SCHEDULE" for Principal Amounts, Maturities, Interest Rates, Prices or Yields, and Initial CUSIP Numbers

TRINITY RIVER AUTHORITY OF TEXAS

Linda D. Timmerman, Ed.D., President
Harold L. Barnard, Vice President
Howard S. Slobodin, Secretary
Herschel S. Brannen III
Patricia Carlson
William W. Collins, Jr.
Christina Melton Crain
Michael Cronin
Steve Cronin
Amanda Davis
Ronald Goldman
Martha A. Hernandez
John W. Jenkins
Keith W. Kidd
Jess A. Laird
Nancy E. Lavinski
David B. Leonard
Andrew Martinez
Kevin Maxwell
Dennis "Joe" McCleskey
James W. Neale
Manny Rachal
Amir Rupani
Ana Laura Saucedo
Shirley K. Seale
J. Carol Spillars
Kim C. Wyatt

McCall, Parkhurst & Horton L.L.P., Bond Counsel

First Southwest Company, Financial Advisor

The Bank of New York Mellon Trust Company, National Association, Paying Agent/Registrar

TABLE OF CONTENTS

	Page
INTRODUCTION	1
THE OBLIGATIONS	1
General Description	1
Purpose	1
Authority for Issuance	1
Security for the Obligations	1
Redemption Provisions	1
Notice of Redemption; Selection of Obligations to Be Redeemed	2
Book-Entry-Only System	2
Estimated Draw Schedule	2
TAX MATTERS	2
Opinion	2
OTHER INFORMATION	3
Forward Looking Statements	3
Ratings	3
LITIGATION	3
General	3
The Issuer	3
CONTINUING DISCLOSURE OF INFORMATION	3
Compliance with Prior Undertakings	3
MISCELLANEOUS	4
ADDITIONAL INFORMATION	4

APPENDIX A MATURITY SCHEDULE
APPENDIX B FORM OF OFFICIAL ACTION
APPENDIX C FORM OF OPINION OF BOND COUNSEL
APPENDIX D DRAW SCHEDULE

Private Placement Memorandum
relating to

$11,015,000

TRINITY RIVER AUTHORITY OF TEXAS
MOUNTAIN CREEK REGIONAL WASTEWATER SYSTEM REVENUE BONDS
SERIES 2011 (the "Obligations")

INTRODUCTION

This Private Placement Memorandum, including the cover page and appendices, contains brief descriptions of the Issuer, provides certain information with respect to the issuance by the Issuer, and summaries of certain provisions of the "Obligations" pursuant to the Official Action. Except as otherwise set forth herein, capitalized terms used but not defined in this Private Placement Memorandum have the meanings assigned to them in the Official Action. See "APPENDIX B – "FORM OF OFFICIAL ACTION" attached hereto.

APPENDIX A contains the maturity schedule for the Obligations. APPENDIX B contains the Official Action and a description of the purpose for the proceeds of the Obligations. APPENDIX C contains a copy of the proposed opinion of Bond Counsel with respect to the Obligations. The summaries of the documents contained in the forepart of this Private Placement Memorandum are not complete or definitive, and every statement made in this Private Placement Memorandum concerning any provision of any document is qualified by reference to such document in its entirety.

THE OBLIGATIONS

General Description

The Obligations are being issued in the aggregate principal amount set forth in APPENDIX A of this Private Placement Memorandum and will mature and be subject to redemption prior to maturity as described therein. The Obligations are being issued as fully registered bonds in denominations of $5,000, or any integral multiple thereof. The Obligations will be dated as of the stated date of issue and will mature on the dates referenced thereon, and will bear interest at the rates per annum set forth in "APPENDIX A - MATURITY SCHEDULE."

Interest on the Obligations is payable semiannually on each Interest Payment Date, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. Principal of and the redemption price with respect to the Obligations will be payable to the Owners upon presentation and surrender at the principal office of the Paying Agent/Registrar.

Purpose

See "APPENDIX B - FORM OF OFFICIAL ACTION."

Authority for Issuance

The Obligations are issued pursuant to Chapter 518, Acts of the 54th Texas Legislature, Regular Session, 1955, as amended, which created and empowers the Issuer, Chapter 30, Texas Water Code and other applicable laws, as amended, and the Official Action adopted by the Issuer.

Security for the Obligations

See "APPENDIX B - FORM OF OFFICIAL ACTION."

Redemption Provisions

On February 1, 2022, or on any date thereafter, the Obligations maturing on and after August 1, 2022 may be redeemed prior to their scheduled maturities, upon the written direction of the Issuer, with funds provided by the Issuer, at par plus accrued interest to the date fixed for redemption as a whole, or in part in inverse order of maturity, and if less than all of a maturity is to be redeemed the Paying Agent/Registrar will determine by lot the Obligations,

or portions thereof within such maturity to be redeemed (provided that a portion of a Bond may be redeemed only in Authorized Denominations).

Notice of Redemption; Selection of Obligations to Be Redeemed

See "APPENDIX B - FORM OF OFFICIAL ACTION."

The Paying Agent/Registrar, so long as a Book-Entry-Only System is used for the Bonds, will send any notice of redemption of the Bonds, notice of proposed amendment to the Order or other notices with respect to the Bonds only to DTC. Any failure by DTC to advise any DTC participant, or of any DTC participant or indirect participant to notify the beneficial owner, shall not affect the validity of the redemption of the Bonds called for redemption or any other action premised on any such notice. Redemption of portions of the Bonds by the Issuer will reduce the outstanding principal amount of such Bonds held by DTC.

Book-Entry-Only System

The information in this caption concerning The Depository Trust Company, New York, New York ("DTC") and DTC's book entry system has been obtained from DTC and the Issuer makes no representation or warranty nor takes any responsibility for the accuracy or completeness of such information.

DTC will act as securities depository for the Obligations. The Obligations will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Obligations and deposited with DTC. See APPENDIX B - "FORM OF OFFICIAL ACTION."

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

Estimated Draw Schedule

See "APPENDIX D – DRAW SCHEDULE."

TAX MATTERS

Opinion

Bond Counsel will deliver its opinion on the date of delivery of the Obligations substantially in the form as attached in "APPENDIX C - FORM OF OPINION OF BOND COUNSEL."

OTHER INFORMATION

Forward Looking Statements

The statements contained in this Private Placement Memorandum, including the cover page, appendices, and any other information or documents provided by the Issuer, that are not purely historical, are forward-looking statements, including statements regarding the Issuer's expectations, hopes, intentions, or strategies regarding the future. Holders and beneficial owners of the Obligations have placed reliance on forward-looking statements. All forward looking statements included in this Private Placement Memorandum are based on information available to the Issuer on the date hereof. It is important to note that the Issuer's actual results could differ materially from those in such forward-looking statements.

Ratings

The bonds are rated "AAA" by Standard & Poor's, a Division of The McGraw-Hill Companies, Inc. An explanation of the significance of such ratings may be obtained from the company furnishing the rating. The ratings reflect only the respective views of such organizations and the Issuer makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by any or all of such rating companies, if in the judgment of any or all companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings, or either of them, may have an adverse effect on the market price of the Obligations.

LITIGATION

General

On the date of delivery of the Obligations to the initial purchasers thereof, the Issuer will execute and deliver a certificate to the effect that, except as disclosed herein, no litigation of any nature has been filed or is pending, as of that date, to restrain or enjoin the issuance or delivery of the Obligations or which would affect the provisions made for their payment or security or in any manner questioning the validity of the Obligations.

The Issuer

There is no litigation, proceeding, inquiry, or investigation pending by or before any court or other governmental authority or entity (or, to the best knowledge of the Issuer, threatened) that adversely affects the power, authority or obligation of the Issuer to deliver the Obligations, the security for, or the validity of, the Obligations or the financial condition of the Issuer.

CONTINUING DISCLOSURE OF INFORMATION

In the Official Action, the Issuer has made the following agreement for the benefit of the holders and beneficial owners of the Obligations. The Issuer is required to observe the agreement for so long as it remains obligated to advance funds to pay the Obligations. Under the agreement, the Issuer and the Contracting Parties (as defined in the Official Action) will be obligated to provide timely notice of specified material events and the Contracting Parties will be obligated to provide certain updated financial information and operating data, to certain other information vendors. SEE APPENDIX B - "FORM OF OFFICIAL ACTION."

Compliance with Prior Undertakings

During the last five years, the Issuer has complied in all material respects with its continuing disclosure agreements in accordance with the Rule.

MISCELLANEOUS

Any statements made in this Private Placement Memorandum involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Neither this Private Placement Memorandum nor any statement that may have been made verbally or in writing is to be construed as a contract with the owners of the Obligations.

The information contained above is neither guaranteed as to accuracy or completeness nor to be construed as a representation by the Issuer. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Private Placement Memorandum nor any sale made hereunder is to create, under any circumstances, any implication that there has been no change in the affairs of the Issuer or the Issuer from the date hereof.

The Private Placement Memorandum is submitted in connection with the sale of the securities referred to herein and may not be reproduced or used, as a whole or in part, for any other purpose.

ADDITIONAL INFORMATION

The Private Placement Memorandum speaks only as of its date and the information contained herein is subject to change. Descriptions of the Obligations and the Official Action and any other agreements and documents contained herein constitute summaries of certain provisions thereof and do not purport to be complete. This Private Placement Memorandum was approved by the Issuer.

Robert E. Moore

Robert E. Moore, CPA, Manager, Financial Services
Trinity River Authority of Texas

APPENDIX A

MATURITY SCHEDULE

CUSIP Prefix 896572

MATURITY DATE (August 1)	PRINCIPAL AMOUNT($)	INTEREST RATE(%)	INITIAL YIELD(%)	CUSIP Suffix
2014	300,000	0.000	0.000	AW4
2015	305,000	0.000	0.000	AX2
2016	300,000	0.300	0.300	AY0
2017	305,000	0.550	0.550	AZ7
2018	310,000	0.850	0.850	BA1
2019	315,000	1.100	1.100	BB9
2020	325,000	1.350	1.350	BC7
2021	335,000	1.550	1.550	BD5
2022	340,000	1.700	1.700	BE3
2023	350,000	1.950	1.950	BF0
2024	360,000	2.050	2.050	BG8
2025	375,000	2.200	2.200	BH6
2026	385,000	2.350	2.350	BJ2
2027	395,000	2.450	2.450	BK9
2028	405,000	2.550	2.550	BL7
2029	425,000	2.650	2.650	BM5
2030	440,000	2.750	2.750	BN3
2031	455,000	2.800	2.800	BP8
2032	475,000	2.900	2.900	BQ6
2033	620,000	2.950	2.950	BR4
2034	645,000	3.050	3.050	BS2
2035	670,000	3.100	3.100	BT0
2036	695,000	3.200	3.200	BU7
2037	725,000	3.200	3.200	BV5
2038	760,000	3.200	3.200	BW3

APPENDIX B

FORM OF OFFICIAL ACTION

BOND RESOLUTION

RESOLUTION NO. R-1327

RESOLUTION AUTHORIZING AND PROVIDING FOR THE ISSUANCE, SALE, AND DELIVERY OF TRINITY RIVER AUTHORITY OF TEXAS MOUNTAIN CREEK REGIONAL WASTEWATER 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 - Mountain Creek Regional Wastewater System Contract (Cities of Grand Prairie and Midlothian, Texas)" (the "Initial Contract") has been duly executed among Trinity River Authority of Texas (the "Issuer" or the "Authority") and the Cities of Grand Prairie and Midlothian, Texas (the "Initial Contracting Parties"), with respect to the acquisition and construction by the Issuer, for the benefit of the Initial Contracting Parties, of a wastewater transportation and treatment "System" as described in the Initial Contract; and

WHEREAS, the date of the Initial Contract is March 1, 2002; and

WHEREAS, the Initial Contract authorizes the Issuer to enter into a similar contract with an "Additional Contracting Party" for the purpose of providing services of the System to such Additional Contracting Party, provided that after execution of any such contract such party shall become one of the "Contracting Parties" for all purposes of the Initial Contract (as such terms are defined in the Initial Contract); and

WHEREAS, the conditions of the Initial Contract required to be met prior to entering into a contract with the City of Venus, Texas (the "First Additional Contracting Party" and, collectively with the Initial Contracting Parties, the "Contracting Parties") whereby the First Additional Contracting Party will become an Additional Contracting Party have been met; and

WHEREAS, a "Trinity River Authority of Texas - Mountain Creek Regional Wastewater System Contract (City of Venus, Texas)" (the "First Additional Contract") has been duly executed between the Issuer and the First Additional Contracting Party, dated as of December 1, 2009; and

WHEREAS, the Initial Contract and the First Additional Contract (collectively, the "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, pursuant to the Contracts and the resolution of the Issuer adopted by the Board of Directors of the Issuer (the "Board" or "Board of Directors") on October 28, 2009 (the "Initial Bond Resolution"), the Issuer heretofore issued its Mountain Creek Regional Wastewater System Revenue Bonds, Series 2009 (the "Series 2009 Bonds"); and

WHEREAS, the Initial Bond Resolution authorizes the issuance of additional bonds on a parity with the Series 2009 Bonds for the purpose of obtaining funds to pay the costs of acquisition and construction of improvements and extensions to the System ("Additional Bonds"); and

WHEREAS, the Board has determined to authorize and issue the hereinafter authorized bonds as Additional Bonds to obtain funds to pay the costs of acquisition and construction of improvements and extensions to the System; and

WHEREAS, the bonds authorized to be issued by this Resolution (the "Bonds") shall be issued and delivered pursuant to the Authority Act, Chapter 30, Texas Water Code, Chapter 791, Texas Government Code, and other applicable laws.

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

Section 1. RECITALS, AMOUNT AND PURPOSE OF THE BONDS. The Board of Directors hereby incorporates the recitals set forth in the preamble hereto as if set forth in full at this place and further finds and determines that said recitals are true and correct. In order to obtain funds to pay the costs of acquisition and construction of improvements and extensions to the 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 $11,015,000.

Section 2. DESIGNATION, DATE, DENOMINATIONS, NUMBERS, MATURITIES AND SALE OF BONDS. (a) Each Bond issued pursuant to this Resolution shall be designated: "TRINITY RIVER AUTHORITY OF TEXAS MOUNTAIN CREEK REGIONAL WASTEWATER SYSTEM REVENUE BOND, SERIES ____", subject to paragraph (b) of this section.

(b) As authorized by Chapter 1371, Texas Government Code, as amended, the Manager, Financial Services 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 (each series of bonds issued pursuant to this authorization shall be issued on a parity without regard to the requirements of Sections 16 and 17, which provisions shall not apply), 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 price to be paid for the Bonds shall be not less than 95% of the initial aggregate principal amount thereof, plus accrued interest thereon from their date to their delivery, if any, and no Bond shall bear interest at a rate greater than 10% per annum. 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, with such appropriate variations, omissions, or insertions as are permitted or required by this Resolution.

FORM OF BOND

NO. R-

PRINCIPAL
AMOUNT
$

UNITED STATES OF AMERICA
STATE OF TEXAS
TRINITY RIVER AUTHORITY OF TEXAS
MOUNTAIN CREEK REGIONAL WASTEWATER SYSTEM
REVENUE BONDS, SERIES ____

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 _____, ___ and semiannually thereafter on each _____ and _____ to the maturity date specified above, or the date of redemption prior to maturity, at the interest rate per annum specified above, 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 Issuer. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each owner of a Bond appearing on the Registration Books at the close of business on the last business day next preceding the date of mailing of such notice.

ANY ACCRUED INTEREST due at maturity or upon the redemption of this Bond prior to maturity as provided herein shall be paid to the registered owner upon presentation and surrender of this Bond for redemption and payment at the principal corporate trust office of the Paying Agent/Registrar. The Issuer covenants with the registered owner of this Bond that on or before each principal payment date, interest payment date, and accrued interest payment date for this Bond it will make available to the Paying Agent/Registrar, from the "Interest and Redemption Fund" created by the Bond Resolution, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Bonds, when due.

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

THIS BOND is one of a Series of Bonds dated _____, 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 acquisition and construction of improvements and extensions to the Mountain Creek Regional Wastewater 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 Issuer, 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 Issuer, at the redemption price of the principal amount, plus accrued interest to the date fixed for redemption.

The Bonds maturing in the year ____ are subject to mandatory redemption prior to maturity in part, at random, by lot or other customary method selected by the Paying Agent/Registrar, at par plus accrued interest to the redemption date, in amounts sufficient to redeem said Bonds on _____ in the years and principal amounts shown on the following schedule:

Maturity	
Year	Principal Amount ($)

The principal amount of said Bonds required to be redeemed pursuant to the operation of such mandatory redemption provision shall be reduced, at the option of the Issuer, by the principal amount of said Bonds of the respective maturity which, at least 50 days prior to the mandatory redemption date (1) shall have been acquired by the Issuer at a price not exceeding the principal amount of such Bonds plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation or (2) shall have been redeemed pursuant to the optional redemption provisions and not theretofore credited against a mandatory redemption requirement.

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

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

ALL BONDS OF THIS SERIES are issuable solely as fully registered Bonds, without interest coupons, in the denomination of any integral multiple of $5,000. As provided in the Bond Resolution, this Bond, or any unredeemed portion hereof, may, at the request of the registered owner or the assignee or assignees hereof, be assigned, transferred, converted into and exchanged for a like aggregate principal amount of fully registered Bonds, without interest coupons, payable to the appropriate registered owner, assignee or assignees, as the case may be, having the same denomination or denominations in any integral multiple of $5,000 as requested in writing by the appropriate registered owner, assignee or assignees, as the case may be, upon surrender of this Bond to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Bond Resolution.

Among other requirements for such assignment and transfer, this Bond must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Bond or any portion or portions hereof in any integral multiple of $5,000 to the assignee or assignees in whose name or names this Bond or any such portion or portions hereof is or are to be registered. The form of Assignment printed or endorsed on this Bond may be executed by the registered owner to evidence the assignment hereof, but such method is not exclusive, and other instruments of assignment satisfactory to the Paying Agent/Registrar may be used to evidence the assignment of this Bond or any portion or portions hereof from time to time by the registered owner. The Paying Agent/Registrar's reasonable standard or customary fees and charges for assigning, transferring, converting and exchanging any Bond or portion thereof will be paid by the Issuer. In any circumstance, any taxes or governmental charges required to be paid with respect thereto shall be paid by the one requesting such assignment, transfer, conversion or exchange, as a condition precedent to the exercise of such privilege. The Paying Agent/Registrar shall not be required to make any such transfer, conversion or exchange (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or, (ii) with respect to any Bond or any portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date.

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

IT IS HEREBY certified, recited, and covenanted that this Bond has been duly and validly authorized, issued, sold, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this Bond have been performed, existed, and been done in accordance with law; that this Bond is a special obligation of the Issuer, and together with other outstanding bonds, is secured by and payable from a first lien on and pledge of the "Pledged Revenues", as defined in the Bond Resolution, and include payments and amounts received by the Issuer pursuant to various contracts styled "Trinity River Authority of Texas - Mountain Creek Regional Wastewater System Contract" entered into between the Issuer and the Cities of Grand Prairie, Midlothian and Venus, Texas.

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

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

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

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

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

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)

Section 5. DEFINITIONS. As used in this Bond Resolution the following terms shall have the meanings set forth below, unless the text hereof specifically indicates otherwise:

The term "Additional Bonds" means the additional parity bonds permitted to be authorized in this Bond Resolution.

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

The term "Authority" or "Issuer" means Trinity River Authority of Texas.

The term "Board" or "Board of Directors" 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" or "Resolution" mean this resolution adopted by the Board of Directors of the Issuer on June 22, 2011, authorizing the issuance of the Bonds.

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

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

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

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

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

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

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

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

The terms "Mountain Creek Regional Wastewater System" and "System" mean all of the Issuer's wastewater transportation and treatment facilities, as described and defined in the Contract, serving the Contracting Parties, together with all improvements and additions to and extensions, enlargements, and replacements of such facilities. However, said terms do not include any facilities acquired or constructed by the Issuer with the proceeds from the issuance of "Special Facilities Bonds", 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 "Parity Bonds" means the Series 2009 Bonds.

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

The term "Series 2009 Bonds" means the Trinity River Authority of Texas Mountain Creek Regional Wastewater System Revenue Bonds, Series 2009.

The terms "year" or "fiscal year" shall mean the Issuer's fiscal year, which initially shall be the year commencing December 1 of each calendar year and ending on November 30 of the following calendar year, but which subsequently may be any other 12 month period hereafter established by the Issuer as a fiscal year.

Section 6. PLEDGE. (a) The Bonds, Parity Bonds and any Additional Bonds, and the interest thereon, are and shall be secured equally and ratably on a parity by and payable from a first lien on and pledge of the Pledged Revenues, and the Pledged Revenues are further pledged to the establishment and maintenance of the Interest and Redemption Fund and the Reserve Fund, as provided in this Bond 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. There has been created and there shall be maintained on the books of the Issuer, and accounted for separate and apart from all other funds of the Issuer, a special fund to be entitled the "Trinity River Authority of Texas Mountain Creek Regional Wastewater System Revenue Bonds Revenue Fund" (hereinafter called the "Revenue Fund"). All Pledged Revenues shall be credited to the Revenue Fund promptly after they become available.

Section 8. INTEREST AND REDEMPTION FUND. For the sole purpose of paying the principal of and interest on all Bonds, Parity Bonds and any Additional Bonds, as the same come due, there has been created and there shall be maintained on the books of the Issuer, and accounted for separate and apart from all other funds of the Issuer, a special fund to be entitled the "Trinity River Authority of Texas Mountain Creek Regional Wastewater System Revenue Bonds Interest and Redemption Fund" (hereinafter called the "Interest and Redemption Fund").

Section 9. RESERVE FUND. There has been created and there shall be maintained on the books of the Issuer, and accounted for separate and apart from all other funds of the Issuer, a special fund to be entitled the "Trinity River Authority of Texas Mountain Creek Regional Wastewater System Revenue Bonds Reserve Fund (hereinafter called the "Reserve Fund"). The Reserve Fund shall be used solely for the purpose of finally retiring the last of any Bonds, Parity Bonds or Additional Bonds, or for paying when due the principal of and interest on any Bonds, Parity Bonds or Additional Bonds when and to the extent the amounts in the Interest and Redemption Fund are insufficient for such purpose.

Section 10. DEPOSITS OF PLEDGED REVENUES; INVESTMENTS. (a) The Pledged Revenues shall be deposited into the Interest and Redemption Fund and the Reserve Fund when and as required by this Bond Resolution.

(b) Money in any Fund maintained pursuant to this Resolution may, at the option of the Issuer, be invested as permitted by the Public Funds Investment Act, Chapter 2256, Texas Government Code, and the investment policy of the Issuer. Such deposits and investments shall be made consistent with the estimated requirements of such Funds, and any obligation in which money is so invested shall be kept and held for the benefit of the owners of the Bonds, Parity Bonds and Additional Bonds, and shall be promptly sold and the proceeds of sale applied to the making of all payments required to be made from the Fund from which the investment was made. All earnings from the deposit or investment of any such Fund shall be credited to such Fund. All investment earnings on deposits in the Interest and Redemption Fund shall reduce the amounts which otherwise would be required to be deposited therein, with the result that the requirements of the Contracting Parities to pay principal and/or interest payments under the Contracts shall be reduced accordingly.

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

Section 11. FUNDS SECURED. Money in all Funds created by this Bond Resolution, to the extent not invested, shall be secured in the manner prescribed by law for securing funds of the Issuer.

Section 12. DEBT SERVICE REQUIREMENTS. (a) Promptly after the delivery of the Bonds the Issuer shall cause to be deposited to the credit of the Interest and Redemption Fund, from the proceeds received from the sale and delivery of the Bonds, any accrued interest received from such sale.

(b) The Issuer shall transfer from the Pledged Revenues and deposit to the credit of the Interest and Redemption Fund the amounts, at the times, as follows:

on or before the first interest payment date on the Bonds, and semiannually thereafter, on or before each interest payment date, an amount sufficient, together with other amounts, if any, then on hand in the Interest and Redemption Fund and available for such purpose, to pay the interest and/or principal and interest scheduled to accrue and come due on the Bonds on each interest payment date.

Section 13. RESERVE FUND. (a) In addition to words and terms otherwise defined in this Resolution, the following definitions shall apply to words and terms used in this section:

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

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

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

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

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

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

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

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

"Required Reserve" means an amount equal to the lesser of (i) the average annual principal and interest requirements on the Bonds, Parity Bonds and Additional Bonds or (ii) the amount determined by the Internal Revenue Code of 1986, as amended, and the regulations thereunder, as of the date of issuance of any hereafter issued Additional Bonds issued with the intent that interest thereon will be excludable from the gross income of the registered owners thereof for federal income tax purposes, to be a reasonably required reserve or replacement fund.

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

"S&P" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, S&P shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer.

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

(c) The Reserve Fund shall be used only for the purpose of paying principal of or interest on the Bonds, Parity Bonds or Additional Bonds when there is not sufficient money available in the Interest and Redemption Fund for such payments, and shall be used finally to pay, redeem or retire the last of the outstanding Bonds, Parity Bonds or Additional Bonds.

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

(e) An equivalent Reserve Fund Obligation may be substituted by the Issuer at any time and from time to time for all or any part of the money and/or investments held for the credit of the Reserve Fund, and such money and/or investments may be withdrawn and used for any lawful purpose, provided, however, that to the extent such funds were derived from the proceeds of Bonds, Parity Bonds or Additional Bonds, such funds may only be withdrawn and either (i) deposited into the Interest and Redemption Fund or (ii) applied for a purpose for which such Bonds, Parity Bonds or Additional Bonds were originally issued, and further provided that all Texas Water Development Board rules relating to financial guarantors are satisfied and the Issuer receives the written consent of

Texas Water Development Board. If a Reserve Fund Obligation is used as provided above, any reimbursements required thereunder to be paid to a Credit Facility Provider as a result of a draw or demand thereunder and any interest thereon and expenses payable thereunder shall be made, as provided in the Reserve Fund Obligation, from moneys deposited into the Reserve Fund until fully paid. If it becomes necessary to pay interest on or principal of any Bonds from the Reserve Fund, money and investments held for the credit of the Reserve Fund shall be utilized first for such purpose, before any demand or draw is made on a Reserve Fund Obligation.

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

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

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

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

(4) The obligation to reimburse the issuer of a Reserve Fund Obligation for any expenses, claims, or draws upon such Reserve Fund Obligation, including interest thereon, shall be made from the deposits made to the Reserve Fund as provided in this section and in accordance with the provisions of the Reserve Fund Obligation. The Reserve Fund Obligation shall provide for a revolving feature under which the amount available thereunder will be reinstated to the extent of any reimbursement of draws or claims paid. If the revolving feature is suspended or terminated for any reason, the right of the issuer of the Reserve Fund Obligation to reimbursement will be subordinated to the cash replenishment of the

Reserve Fund to an amount equal to the difference between the full original amount available under the Reserve Fund Obligation and the amount then available for further draws or claims. In the event (a) the issuer of a Reserve Fund Obligation becomes insolvent, or (b) the issuer of a Reserve Fund Obligation defaults in its payment obligations thereunder, or (c) the claims paying ability of the issuer of the insurance policy or surety bond is not rated "AAA" by S&P or Fitch or "Aaa" by Moody's, or (d) the rating of the issuer of the letter of credit falls below the "AA" category by S&P and Fitch and the "Aa" category by Moody's, the obligation to reimburse the issuer of the Reserve Fund Obligation shall be subordinate to the cash replenishment of the Reserve Fund.

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

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

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

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

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

Section 14. DEFICIENCIES; EXCESS PLEDGED REVENUES. (a) If on any occasion there shall not be sufficient Pledged Revenues to make the required deposits into the Interest and Redemption Fund and the Reserve Fund, then such deficiency shall be made up as soon as possible from the next available Pledged Revenues.

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

Section 15. PAYMENT OF BONDS, PARITY BONDS AND ADDITIONAL BONDS. On or before the first interest payment date on the Bonds, and semiannually on or before each interest payment date thereafter while any of the Bonds, Parity Bonds or Additional Bonds are outstanding and unpaid, the Issuer shall make available to the Paying Agent/Registrar, out of the Interest and Redemption Fund, or the Reserve Fund, if

necessary, money sufficient to pay such interest on and such principal of the Bonds, Parity Bonds and Additional Bonds as will accrue or mature on each interest payment date.

Section 16. 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 Bonds, Parity Bonds or Additional Bonds. Such Additional Bonds, if and when authorized, issued, and delivered in accordance with the provisions hereof, shall be secured by and made payable equally and ratably on a parity with the Bonds, from a first lien on and pledge of the Pledged Revenues.

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

(c) All calculations of average annual principal and interest requirements made pursuant to this Section shall be made as of 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 such interest must be fixed at a predetermined rate or rates in the authorizing bond proceedings; and for the purposes of this and all other Sections of this Resolution, principal amounts of any Bonds, Parity Bonds or Additional Bonds or portions thereof which are required to be prepaid or redeemed on any date prior to scheduled due date or maturity pursuant to any mandatory redemption requirements shall be deemed to be due and maturing amounts of principal on the date required to be prepaid or redeemed.

Section 17. 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 Bonds, Parity Bonds and Additional Bonds, and the resolutions authorizing the same, that the Interest and Redemption Fund and the Reserve Fund each contains the amount then required to be therein, and that either (1) based on a report of an independent engineer or firm of engineers, the Pledged Revenues, in each fiscal year thereafter, commencing with the third complete fiscal year following the date of such report, are estimated to be at least equal to 1.25 times the average annual principal and interest requirements of all Bonds, Parity Bonds and Additional Bonds to

be outstanding after the delivery of the then proposed Additional Bonds, or (2) based upon an opinion of legal counsel to the Issuer, there are Contracts then in effect pursuant to which the Contracting Parties and others, if any, which are parties to such Contracts are obligated to make payments to the Issuer during each fiscal year (including during periods when services of the System may not be available to such Contracting Parties and others) in such amounts as shall be necessary to provide to the Issuer Pledged Revenues sufficient to pay when due all principal of and interest on all Bonds, Parity Bonds and Additional Bonds to be outstanding after the issuance of the proposed Additional Bonds, and to make the deposits into the Reserve Fund as required under this Resolution.

Section 18. GENERAL COVENANTS. The Issuer further covenants and agrees that:

(a) It will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in each resolution authorizing the issuance of the Bonds, Parity Bonds and any Additional Bonds, and in each and every Bond, Parity Bond and Additional Bond; that it will promptly pay or cause to be paid the principal of and interest on every Bond, Parity Bond and Additional Bond, on the dates and in the places and manner prescribed in such resolutions and Bonds, Parity Bonds or Additional Bonds, and that it will, at the times and in the manner prescribed, deposit or cause to be deposited the amounts required to be deposited into the Interest and Redemption Fund and any owner of the Bonds, 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 Bonds, 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) 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 the Authority Act, and is duly authorized under the laws of the State of Texas to create and issue the Bonds; that all action on its part of the creation and issuance of the Bonds has been duly and effectively taken, and that the Bonds in the hands of the owners thereof are and will be valid and enforceable special obligations of the Issuer in accordance with their terms.

(c) That other than for the payment of the Bonds herein authorized, the Pledged Revenues have not in any manner been pledged to the payment of any debt or obligation of the Issuer.

(d) That while any of the Bonds are outstanding, the Issuer will not, with the exception of the Additional Bonds expressly permitted by this Resolution to be issued, additionally encumber the Pledged Revenues.

(e) That the Issuer will carry out all of its obligations under the Contract; and when or if necessary will promptly enforce and cause the Contracting Parties to carry out all of their obligations under the Contracts, for the benefit of the Issuer and the owners of the Bonds, Parity Bonds and Additional Bonds by all legal and equitable means, including the use of mandamus proceedings against the Contracting Parties; and the Contracts will not be changed, rescinded, or amended in any way which would have a materially adverse effect on the rights of the owners of the Bonds, Parity Bonds and Additional Bonds.

Section 19. AMENDMENT OF RESOLUTION. (a) The owners of Bonds, Parity Bonds and Additional Bonds aggregating a majority in principal amount of the aggregate principal amount of then outstanding Bonds, Parity Bonds and Additional Bonds (for purposes of this sentence only, 100% of the aggregate principal amount of Bonds, Parity Bonds or Additional Bonds which are insured by a bond insurance provider at the time that the Issuer seeks approval of an amendment shall be deemed to be owned by such bond

insurance provider) shall have the right from time to time to approve any amendment to any resolution authorizing the issuance of any Bonds, 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 Bonds, Parity Bonds or Additional Bonds so as to:

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

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

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

(4) Modify the terms of payment of principal of or interest on the outstanding Bonds, 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 Bonds, Parity Bonds and Additional Bonds then outstanding; or

(6) Change the minimum percentage of the principal amount of Bonds, 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 Bonds, Parity Bonds and Additional Bonds, for inspection by all owners of Bonds, Parity Bonds and Additional Bonds. Such publication is not required, however, if notice in writing is given to the owner of each of the Bonds, 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 Bonds, 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 Bonds, Parity Bonds and Additional Bonds and all future Additional Bonds shall thereafter be determined, exercised, and enforced hereunder, subject in all respects to such amendment.

(e) Any consent given by the owner of a 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 Bond, 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 Bond, 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 Bonds, 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 Bonds, Parity Bonds and Additional Bonds shall be determined from the Registration Books of the Issuer kept by the Paying/Registrar for such Bonds, Parity Bonds and Additional Bonds.

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

Section 20. DEFEASANCE OF BONDS. (a) Any Bond and the interest thereon shall be deemed to be paid, retired, and no longer outstanding (a "Defeased Bond") within the meaning of this Resolution, except to the extent provided in subsection (d) of this Section, when payment of the principal of such Bond, plus interest thereon to the due date (whether such due date be by reason of maturity or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar in accordance with an escrow agreement or other instrument (the "Future Escrow Agreement") for such payment (1) lawful money of the United States of America sufficient to make such payment or (2) Defeasance Securities that mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to provide for such payment, and when proper arrangements have been made by the Issuer with the Paying Agent/Registrar for the payment of its services until all Defeased Bonds shall have become due and payable. At such time as a Bond shall be deemed to be a Defeased Bond hereunder, as aforesaid, such Bond and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the Net Revenues as provided in this Resolution, and such principal and interest shall be payable solely from such money or Defeasance Securities. Notwithstanding any other provision of this Resolution to the contrary, it is hereby provided that any determination not to redeem Defeased Bonds that is made in conjunction with the payment arrangements specified in subsection 20(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 20(a)(i) or (ii). All income from such Defeasance Securities received by the Paying Agent/Registrar which is not required for the payment of the Defeased Bonds, with respect to which such money has been so deposited, shall be remitted to the Issuer or deposited as directed in writing by the Issuer.

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

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

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

Section 21. 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 for Bonds issued in conversion and exchange for other Bonds.

Section 22. 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 (less amounts deposited to a reserve fund, if any) are used for any "private business use," as defined in section 141(b)(6) of the Code or, if more than 10 percent of the proceeds are so used, that amounts, whether or not received by the Issuer, with respect to such private business use, do not, under the terms of this Resolution or any underlying arrangement, directly or indirectly, secure or provide for the payment of more than 10 percent of the debt service on the Bonds, in contravention of section 141(b)(2) of the Code;

(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 (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.

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.

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

Section 23. 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 by deposited in the Interest and Redemption Fund.

Section 24. CONSTRUCTION FUND. The Issuer hereby creates and establishes and shall maintain on the books of the Issuer a separate fund to be entitled the "Mountain 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 System as hereinbefore provided. The Issuer shall deposit the net proceeds from the sale of the Bonds into said Fund. Upon payment of all such costs, any moneys remaining on deposit in said Fund shall be transferred to the Interest and Redemption Fund.

Section 25. ALLOCATION OF, AND LIMITATION ON, EXPENDITURES FOR THE SYSTEM. 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 "System") 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 System 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 26. DISPOSITION OF SYSTEM. The Issuer covenants that the property constituting the System 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 27. CUSTODY, APPROVAL, BOND COUNSEL'S OPINION, CUSIP NUMBERS AND INSURANCE. The President of the Board of Directors and the Manager, Financial Services of the Issuer are hereby authorized to have control of the Bonds issued hereunder and all necessary records and proceedings pertaining to the Bonds pending their delivery and the approval of the Bonds by the Attorney General of the State of Texas. The Comptroller of Public Accounts is requested to cause the Bonds to be registered in accordance with law. 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 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 shall bear, as appropriate and applicable, a legend concerning insurance as provided by the Insurer.

Section 28. FURTHER PROCEDURES. The President, Vice President, Secretary and Assistant Secretary of the Board of Directors of the Issuer, the Manager, Financial Services (as the "Authorized Officer" 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 Private Placement Memorandum. 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 29. 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 notify the MSRB, in a timely manner not in excess of ten business days after the occurrence of the event, of any of the following events with respect to the Bonds:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
7. Modifications to rights of holders of the Bonds, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Issuer;
13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
14. Appointment of a successor Paying Agent/Registrar or change in the name of the Paying Agent/Registrar, if material.

(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 30. 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. The Issuer (i) covenants to maintain rates and charges to the Contracting Parties sufficient to meet the debt service requirements on the Bonds and outstanding Parity Bonds and (ii) has required in existing Contracts and will require in any future Contract with any Additional Contracting Party that such Additional Contracting Party maintain rates and charges for its water and sewer system sufficient to pay the Additional Contracting Party's obligations secured by and made payable from the revenues derived from the operation of its water and sewer system.

(e) Escrow Agreement. The General Manager, acting as the "Authorized Officer" shall approve, execute and deliver an appropriate escrow agreement with a qualified and properly chartered trust institution. Proceeds of the Bonds required to be deposited under an escrow agreement 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 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, (ii) comply with any special conditions specified by the Board of the TWDB in an environmental determination, (iii) maintain current, accurate and complete records and accounts necessary to demonstrate compliance with generally accepted government accounting standards and other financial assistance related legal and contractual provisions, (iv) 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 and (v) all laborers and mechanics employed by contractors and subcontractors for projects for which Bond proceeds will be used shall be paid wages at rates not less than those prevailing on projects of a similar character in the locality in accordance with the Davis-Bacon Act, and the U.S. Department of Labor's implementing regulations, and all project related contracts will mandate compliance with said Act.

(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 31. EXPIRATION OF AUTHORIZATION. The authority of the Manager, Financial Services, 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 32. 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.

CERTIFICATE OF MANAGER, FINANCIAL SERVICES

CERTIFICATE OF MANAGER, FINANCIAL SERVICES

I, the undersigned Manager, Financial Services 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 June 22, 2011 (the "Resolution") relating to the issuance of Trinity River Authority of Texas Mountain Creek Regional Wastewater System Revenue Bonds, Series 2011 (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 $11,015,000.

3. The Bonds shall be dated October 15, 2011, shall be numbered from R-1 upwards and shall mature and bear interest from October 26, 2011 which is their date of delivery to TWDB (i.e., the Date of Issuance) as follows:

MATURITY DATE (August 1)	PRINCIPAL AMOUNT($)	INTEREST RATE(%)
2014	300,000	0.00
2015	305,000	0.25
2016	300,000	0.50
2017	305,000	0.80
2018	310,000	1.15
2019	315,000	1.40
2020	325,000	1.65
2021	335,000	1.85
2022	340,000	2.05
2023	350,000	2.25
2024	360,000	2.40
2025	375,000	2.55
2026	385,000	2.65
2027	395,000	2.75
2028	405,000	2.85
2029	425,000	2.95
2030	440,000	3.05
2031	455,000	3.15
2032	475,000	3.20
2033	620,000	3.25
2034	645,000	3.35
2035	670,000	3.45
2036	695,000	3.50
2037	725,000	3.50
2038	760,000	3.50

4. Interest on the Bonds shall be payable February 1 and August 1 of each year, commencing February 1, 2012.

5. The Bonds scheduled to mature on and after August 1, 2022, 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, 2022 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 2011 Mountain 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 30(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 _____.

TRINITY RIVER AUTHORITY OF TEXAS

_____

Robert E. Moore, CPA
Manager, Financial Services

EXHIBIT A

NO. R-

PRINCIPAL
AMOUNT
$

UNITED STATES OF AMERICA
STATE OF TEXAS
TRINITY RIVER AUTHORITY OF TEXAS
MOUNTAIN CREEK REGIONAL WASTEWATER SYSTEM
REVENUE BONDS, SERIES 2011

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, 2012 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 Issuer. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each owner of a Bond appearing on the Registration Books at the close of business on the last business day next preceding the date of mailing of such notice.

ANY ACCRUED INTEREST due at maturity or upon the redemption of this Bond prior to maturity as provided herein shall be paid to the registered owner upon presentation and surrender of this Bond for redemption and payment at the principal corporate trust office of the Paying Agent/Registrar. The Issuer covenants with the registered owner of this Bond that on or before each principal payment date, interest payment date, and accrued interest payment date for this Bond it will make available to the Paying Agent/Registrar, from the "Interest and Redemption Fund" created by the Bond Resolution, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Bonds, when due.

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

THIS BOND is one of a Series of Bonds dated October 15, 2011, authorized in accordance with the Constitution and laws of the State of Texas in the principal amount of $11,015,000, in order to obtain funds to pay the costs of acquisition and construction of improvements and extensions to the Mountain Creek Regional Wastewater System.

ON FEBRUARY 1, 2022, or on any date thereafter, the Bonds of this Series may be redeemed prior to their scheduled maturities, at the option of the Issuer, with funds derived from any available and lawful source, as a whole, or in part in inverse order of maturity, and, if in part, the particular Bonds to be redeemed shall be selected and designated by the Issuer, at the redemption price of the principal amount, plus accrued interest to the date fixed for redemption.

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 published and if due provision for such payment is made, all as provided above, the Bonds or portions thereof which are to be so redeemed thereby automatically shall be treated as redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the registered owner to receive the redemption price from the Paying Agent/Registrar out of the funds provided for such payment. If a portion of any Bond shall be redeemed a substitute Bond or Bonds having the same maturity date, bearing interest at the same rate, in any denomination or denominations in any integral multiple of $5,000, at the written request of the registered owner, and in aggregate principal amount equal to the unredeemed portion thereof, will be issued to the registered owner upon the surrender thereof for cancellation, at the expense of the Issuer, all as provided in the Bond Resolution.

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

ALL BONDS OF THIS SERIES are issuable solely as fully registered Bonds, without interest coupons, in the denomination of any integral multiple of $5,000. As provided in the Bond Resolution, this Bond, or any unredeemed portion hereof, may, at the request of the registered owner or the assignee or assignees hereof, be assigned, transferred, converted into and exchanged for a like aggregate principal amount of fully registered Bonds, without interest coupons, payable to the appropriate registered owner, assignee or assignees, as the case may be, having the same denomination or denominations in any integral multiple of $5,000 as requested in writing by the appropriate registered owner, assignee or assignees, as the case may be, upon surrender of this Bond to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Bond Resolution. Among other requirements for such assignment and transfer, this Bond must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Bond or any portion or portions hereof in any integral multiple of $5,000 to the assignee or assignees in whose name or names this Bond or any such portion or portions hereof is or are to be registered. The form of Assignment printed or endorsed on this Bond may be executed by the registered owner to evidence the assignment hereof, but such method is not exclusive, and other instruments of assignment satisfactory to the Paying Agent/Registrar may be used to evidence the assignment of this Bond or any portion or portions hereof from time to time by the registered owner. The Paying Agent/Registrar's reasonable standard or customary fees and charges for assigning, transferring, converting and exchanging any Bond or portion thereof will be paid by the Issuer. In any circumstance, any taxes or governmental charges required to be paid with respect thereto shall be paid by the one requesting such assignment, transfer, conversion or exchange, as a condition precedent to the exercise of such privilege. The Paying Agent/Registrar shall not be required to make any such transfer, conversion or exchange (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or, (ii) with respect to any Bond or any portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date.

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

IT IS HEREBY certified, recited, and covenanted that this Bond has been duly and validly authorized, issued, sold, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this Bond have been performed, existed, and been done in accordance with law; that this Bond is a special obligation of the Issuer, secured by and payable from a first lien on and pledge of the "Pledged Revenues", as defined in the Bond Resolution, and include payments and amounts received by the Issuer pursuant to various contracts styled "Trinity River Authority of Texas - Mountain Creek Regional Wastewater System Contract" entered into between the Issuer and the Cities of Grand Prairie, Midlothian and Venus, Texas.

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

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

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

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

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

_____	_____
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
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)

APPENDIX C

FORM OF OPINION OF BOND COUNSEL

Proposed Form of Opinion of Bond Counsel

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

TRINITY RIVER AUTHORITY OF TEXAS MOUNTAIN CREEK REGIONAL WASTEWATER SYSTEM REVENUE BONDS, SERIES 2011, DATED OCTOBER 15, 2011, IN THE PRINCIPAL AMOUNT OF $11,015,000

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 mature in principal amounts and 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, 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 obligations of the Issuer, and the Bonds constitute valid and legally binding special obligations of the Issuer which, together with other outstanding bonds, are secured by and payable from a first lien on and pledge of the "Pledged Revenues", as defined in the Bond Resolution, and include payments and amounts received by the Issuer pursuant to the Trinity River Authority of Texas - Mountain Creek Regional Wastewater System Contract (Cities of Grand Prairie and Midlothian, Texas)(the "Initial Contract"), dated as of March 1, 2002, among the Issuer and the Cities of Grand Prairie and Midlothian, Texas (the "Initial Contracting Parties") and the Trinity River Authority of Texas - Mountain Creek Regional Wastewater System Contract (City of Venus, Texas)(collectively with the Initial Contract, the "Contracts"), dated as of December 1, 2009, between the Issuer and the City of Venus, Texas (collectively with the Initial Contracting Parties, the "Contracting Parties") 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 in principal amount of the outstanding Bonds, 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 by taxation, or from any source whatsoever other than specified in the Bond Resolution.

IT IS FURTHER OUR OPINION, except as discussed below, that the interest on the Bonds is excludable from the gross income of the owners for federal income tax purposes under the statutes, regulations, published rulings, and court decisions existing on the date of this opinion. We are further of the opinion that the Bonds are not "specified private activity bonds" and that, accordingly, interest on the Bonds will not be included as an individual

or corporate alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). In expressing the aforementioned opinions, we have relied on certain representations, the accuracy of which we have not independently verified, and assume compliance with certain covenants, regarding the use and investment of the proceeds of the 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 a 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.

WE CALL YOUR ATTENTION TO THE FACT that the interest on tax-exempt obligations, such as the Bonds, is (a) included in a corporation's alternative minimum taxable income for purposes of determining the alternative minimum tax imposed on corporations by section 55 of the Code.

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 Contracts, 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,

APPENDIX D

DRAW SCHEDULE

Month/Year		Monthly Cost	Cumulative Cost		Monthly Cost	Cumulative Cost		Total Monthly Draws	Total Cumulative Draws		Spending Exception Test
Oct-11	1	$ 400,800	$ 400,800	13.06%	$ 1,438,700	$ 1,438,700	18.11%	$ 1,839,500	$ 1,839,500	16.70%	
Nov-11	2	$ 59,600	$ 460,400	15.00%	$ 116,000	$ 1,554,700	19.57%	$ 175,600	$ 2,015,100	18.29%	
Dec-11	3	$ 377,000	$ 837,400	27.28%	$ 135,700	$ 1,690,400	21.28%	$ 512,700	$ 2,527,800	22.95%	
Jan-12	4	$ 359,500	$ 1,196,900	38.99%	$ 217,000	$ 1,907,400	24.01%	$ 576,500	$ 3,104,300	28.18%	
Feb-12	5	$ 120,850	$ 1,317,750	42.92%	$ 465,000	$ 2,372,400	29.86%	$ 585,850	$ 3,690,150	33.50%	
Mar-12	6	$ 145,800	$ 1,463,550	47.67%	$ 360,500	$ 2,732,900	34.40%	$ 506,300	$ 4,196,450	38.10%	10.00%
Apr-12	7	$ 311,600	$ 1,775,150	57.82%	$ 498,000	$ 3,230,900	40.67%	$ 809,600	$ 5,006,050	45.45%	
May-12	8	$ 239,500	$ 2,014,650	65.62%	$ 506,600	$ 3,737,500	47.04%	$ 746,100	$ 5,752,150	52.22%	
Jun-12	9	$ 175,800	$ 2,190,450	71.35%	$ 511,500	$ 4,249,000	53.48%	$ 687,300	$ 6,439,450	58.46%	
Jul-12	10	$ 109,600	$ 2,300,050	74.92%	$ 465,000	$ 4,714,000	59.33%	$ 574,600	$ 7,014,050	63.68%	
Aug-12	11	$ 130,170	$ 2,430,220	79.16%	$ 420,600	$ 5,134,600	64.63%	$ 550,770	$ 7,564,820	68.68%	
Sep-12	12	$ 103,300	$ 2,533,520	82.53%	$ 1,044,000	$ 6,178,600	77.77%	$ 1,147,300	$ 8,712,120	79.09%	45.00%
Oct-12	13	$ 97,700	$ 2,631,220	85.71%	$ 150,200	$ 6,328,800	79.66%	$ 247,900	$ 8,960,020	81.34%	
Nov-12	14	$ 72,800	$ 2,704,020	88.08%	$ 146,500	$ 6,475,300	81.50%	$ 219,300	$ 9,179,320	83.33%	
Dec-12	15	$ 63,700	$ 2,767,720	90.15%	$ 120,400	$ 6,595,700	83.02%	$ 184,100	$ 9,363,420	85.01%	
Jan-13	16	$ 160,500	$ 2,928,220	95.38%	$ 159,800	$ 6,755,500	85.03%	$ 320,300	$ 9,683,720	87.91%	
Feb-13	17	$ 61,180	$ 2,989,400	97.37%	$ 102,600	$ 6,858,100	86.32%	$ 163,780	$ 9,847,500	89.40%	
Mar-13	18	$ 80,600	$ 3,070,000	100.00%	$ 165,800	$ 7,023,900	88.41%	$ 246,400	$ 10,093,900	91.64%	75.00%
Apr-13	19				$ 181,400	$ 7,205,300	90.69%	$ 181,400	$ 10,275,300	93.28%	
May-13	20				$ 178,500	$ 7,383,800	92.94%	$ 178,500	$ 10,453,800	94.91%	
Jun-13	21				$ 127,500	$ 7,511,300	94.54%	$ 127,500	$ 10,581,300	96.06%	
Jul-13	22				$ 129,400	$ 7,640,700	96.17%	$ 129,400	$ 10,710,700	97.24%	
Aug-13	23				$ 150,800	$ 7,791,500	98.07%	$ 150,800	$ 10,861,500	98.61%	
Sep-13	24				$ 153,500	$ 7,945,000	100.00%	$ 153,500	$ 11,015,000	100.00%	100.00%
								$ 11,015,000			
Totals		$ 3,070,000			$ 7,945,000						
			$ 11,015,000								

TAB 3

RESOLUTION NO. R-1327

CERTIFICATE FOR
RESOLUTION AUTHORIZING AND PROVIDING FOR THE ISSUANCE, SALE, AND DELIVERY OF TRINITY RIVER AUTHORITY OF TEXAS MOUNTAIN CREEK REGIONAL WASTEWATER 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 22ND DAY OF JUNE, 2011, at the designated meeting place, and the roll was called of the duly constituted officers and members of said Board, to-wit:

Linda D. Timmerman, Ed.D., President	Jess A. Laird
Harold L. Barnard, Vice President	Nancy E. Lavinski
Howard S. Slobodin, Secretary	David B. Leonard
Patricia Carlson	Andrew Martinez
William W. Collins, Jr.	Kevin Maxwell
Christina Melton Crain	Dennis "Joe" McCleskey
Michael Cronin	James W. Neale
Steve Cronin	Manny Rachal
Amanda Davis	Amir Rupani
Ronald Goldman	Ana Laura 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: Collins & Seale & Saucedo. Whereupon, a quorum being present, the following was transacted at said Meeting: a written

RESOLUTION AUTHORIZING AND PROVIDING FOR THE ISSUANCE, SALE, AND DELIVERY OF TRINITY RIVER AUTHORITY OF TEXAS MOUNTAIN CREEK REGIONAL WASTEWATER 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 22nd day of June, 2011.

Secretary, Board of Directors,
Trinity River Authority of Texas

(AUTHORITY SEAL)

RESOLUTION NO. R-1327

RESOLUTION AUTHORIZING AND PROVIDING FOR THE ISSUANCE, SALE, AND DELIVERY OF TRINITY RIVER AUTHORITY OF TEXAS MOUNTAIN CREEK REGIONAL WASTEWATER 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 - Mountain Creek Regional Wastewater System Contract (Cities of Grand Prairie and Midlothian, Texas)" (the "Initial Contract") has been duly executed among Trinity River Authority of Texas (the "Issuer" or the "Authority") and the Cities of Grand Prairie and Midlothian, Texas (the "Initial Contracting Parties"), with respect to the acquisition and construction by the Issuer, for the benefit of the Initial Contracting Parties, of a wastewater transportation and treatment "System" as described in the Initial Contract; and

WHEREAS, the date of the Initial Contract is March 1, 2002; and

WHEREAS, the Initial Contract authorizes the Issuer to enter into a similar contract with an "Additional Contracting Party" for the purpose of providing services of the System to such Additional Contracting Party, provided that after execution of any such contract such party shall become one of the "Contracting Parties" for all purposes of the Initial Contract (as such terms are defined in the Initial Contract); and

WHEREAS, the conditions of the Initial Contract required to be met prior to entering into a contract with the City of Venus, Texas (the "First Additional Contracting Party" and, collectively with the Initial Contracting Parties, the "Contracting Parties") whereby the First Additional Contracting Party will become an Additional Contracting Party have been met; and

WHEREAS, a "Trinity River Authority of Texas - Mountain Creek Regional Wastewater System Contract (City of Venus, Texas)" (the "First Additional Contract") has been duly executed between the Issuer and the First Additional Contracting Party, dated as of December 1, 2009; and

WHEREAS, the Initial Contract and the First Additional Contract (collectively, the "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, pursuant to the Contracts and the resolution of the Issuer adopted by the Board of Directors of the Issuer (the "Board" or "Board of Directors") on October 28, 2009 (the "Initial Bond Resolution"), the Issuer heretofore issued its Mountain Creek Regional Wastewater System Revenue Bonds, Series 2009 (the "Series 2009 Bonds"); and

WHEREAS, the Initial Bond Resolution authorizes the issuance of additional bonds on a parity with the Series 2009 Bonds for the purpose of obtaining funds to pay the costs of acquisition and construction of improvements and extensions to the System ("Additional Bonds"); and

WHEREAS, the Board has determined to authorize and issue the hereinafter authorized bonds as Additional Bonds to obtain funds to pay the costs of acquisition and construction of improvements and extensions to the System; and

WHEREAS, the bonds authorized to be issued by this Resolution (the "Bonds") shall be issued and delivered pursuant to the Authority Act, Chapter 30, Texas Water Code, Chapter 791, Texas Government Code, and other applicable laws.

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

Section 1. RECITALS, AMOUNT AND PURPOSE OF THE BONDS. The Board of Directors hereby incorporates the recitals set forth in the preamble hereto as if set forth in full at this place and further finds and determines that said recitals are true and correct. In order to obtain funds to pay the costs of acquisition and construction of improvements and extensions to the 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 $11,015,000.

Section 2. DESIGNATION, DATE, DENOMINATIONS, NUMBERS, MATURITIES AND SALE OF BONDS. (a) Each Bond issued pursuant to this Resolution shall be designated: "TRINITY RIVER AUTHORITY OF TEXAS MOUNTAIN CREEK REGIONAL WASTEWATER SYSTEM REVENUE BOND, SERIES ____", subject to paragraph (b) of this section.

(b) As authorized by Chapter 1371, Texas Government Code, as amended, the Manager, Financial Services 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 (each series of bonds issued pursuant to this authorization shall be issued on a parity without regard to the requirements of Sections 16 and 17, which provisions shall not apply), 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 price to be paid for the Bonds shall be not less than 95% of the initial aggregate principal amount thereof, plus accrued interest thereon from their date to their delivery, if any, and no Bond shall bear interest at a rate greater than 10% per annum. 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, with such appropriate variations, omissions, or insertions as are permitted or required by this Resolution.

FORM OF BOND

NO. R-

PRINCIPAL
AMOUNT
$

UNITED STATES OF AMERICA
STATE OF TEXAS
TRINITY RIVER AUTHORITY OF TEXAS
MOUNTAIN CREEK REGIONAL WASTEWATER SYSTEM
REVENUE BONDS
SERIES ____

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 _____, ___ and semiannually thereafter on each _____ and _____ to the maturity date specified above, or the date of redemption prior to maturity, at the interest rate per annum specified above, 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 Issuer. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each owner of a Bond appearing on the Registration Books at the close of business on the last business day next preceding the date of mailing of such notice.

ANY ACCRUED INTEREST due at maturity or upon the redemption of this Bond prior to maturity as provided herein shall be paid to the registered owner upon presentation and surrender of this Bond for redemption and payment at the principal corporate trust office of the Paying Agent/Registrar. The Issuer covenants with the registered owner of this Bond that on or before each principal payment date, interest payment date, and accrued interest payment date for this Bond it will make available to the Paying Agent/Registrar, from the "Interest and Redemption Fund" created by the Bond Resolution, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Bonds, when due.

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

THIS BOND is one of a Series of Bonds dated _____, 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 acquisition and construction of improvements and extensions to the Mountain Creek Regional Wastewater 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 Issuer, 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 Issuer, at the redemption price of the principal amount, plus accrued interest to the date fixed for redemption.

The Bonds maturing in the year ____ are subject to mandatory redemption prior to maturity in part, at random, by lot or other customary method selected by the Paying Agent/Registrar, at par plus accrued interest to the redemption date, in amounts sufficient to redeem said Bonds on _____ in the years and principal amounts shown on the following schedule:

Maturity	
Year	Principal Amount ($)

The principal amount of said Bonds required to be redeemed pursuant to the operation of such mandatory redemption provision shall be reduced, at the option of the Issuer, by the principal amount of said Bonds of the respective maturity which, at least 50 days prior to the mandatory redemption date (1) shall have been acquired by the Issuer at a price not exceeding the principal amount of such Bonds plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation or (2) shall have been redeemed pursuant to the optional redemption provisions and not theretofore credited against a mandatory redemption requirement.

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

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

ALL BONDS OF THIS SERIES are issuable solely as fully registered Bonds, without interest coupons, in the denomination of any integral multiple of $5,000. As provided in the Bond Resolution, this Bond, or any unredeemed portion hereof, may, at the request of the registered owner or the assignee or assignees hereof, be assigned, transferred, converted into and exchanged for a like aggregate principal amount of fully registered Bonds, without interest coupons, payable to the appropriate registered owner, assignee or assignees, as the case may be, having the same denomination or denominations in any integral multiple of $5,000 as requested in writing by the appropriate registered owner, assignee or assignees, as the case may be, upon surrender of this Bond to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Bond Resolution. Among other requirements for such assignment and transfer, this Bond must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Bond or any portion or portions hereof in any integral multiple of $5,000 to the assignee or assignees in whose name or names this Bond or any such portion or portions hereof is or are to be registered. The form of Assignment printed or endorsed on this Bond may be executed by the registered owner to evidence the assignment hereof, but such method is not exclusive, and other instruments of assignment satisfactory to the Paying Agent/Registrar may be used to evidence the assignment of this Bond or any portion or portions hereof from time to time by the registered owner. The Paying Agent/Registrar's reasonable standard or customary fees and charges for assigning, transferring, converting and exchanging any Bond or portion thereof will be paid by the Issuer. In any circumstance, any taxes or governmental charges required to be paid with respect thereto shall be paid by the one requesting such assignment, transfer, conversion or exchange, as a condition precedent to the exercise of such privilege. The Paying Agent/Registrar shall not be required to make any such transfer, conversion or exchange (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or, (ii) with respect to any Bond or any portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date.

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

IT IS HEREBY certified, recited, and covenanted that this Bond has been duly and validly authorized, issued, sold, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this Bond have been performed, existed, and been done in accordance with law; that this Bond is a special obligation of the Issuer, and together with other outstanding bonds, is secured by and payable from a first lien on and pledge of the "Pledged Revenues", as defined in the Bond Resolution, and include payments and amounts received by the Issuer pursuant to various contracts styled "Trinity River

Authority of Texas - Mountain Creek Regional Wastewater System Contract" entered into between the Issuer and the Cities of Grand Prairie, Midlothian and Venus, Texas.

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

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

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

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

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

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)

Section 5. DEFINITIONS. As used in this Bond Resolution the following terms shall have the meanings set forth below, unless the text hereof specifically indicates otherwise:

The term "Additional Bonds" means the additional parity bonds permitted to be authorized in this Bond Resolution.

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

The term "Authority" or "Issuer" means Trinity River Authority of Texas.

The term "Board" or "Board of Directors" 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" or "Resolution" mean this resolution adopted by the Board of Directors of the Issuer on June 22, 2011, authorizing the issuance of the Bonds.

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

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

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

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

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

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

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

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

The terms "Mountain Creek Regional Wastewater System" and "System" mean all of the Issuer's wastewater transportation and treatment facilities, as described and defined in the Contract, serving the Contracting Parties, together with all improvements and additions to and extensions, enlargements, and replacements of such facilities. However, said terms do not include any facilities acquired or constructed by the Issuer with the proceeds from the issuance of "Special Facilities Bonds", 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 "Parity Bonds" means the Series 2009 Bonds.

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

The term "Series 2009 Bonds" means the Trinity River Authority of Texas Mountain Creek Regional Wastewater System Revenue Bonds, Series 2009.

The terms "year" or "fiscal year" shall mean the Issuer's fiscal year, which initially shall be the year commencing December 1 of each calendar year and ending on November 30 of the following calendar year, but which subsequently may be any other 12 month period hereafter established by the Issuer as a fiscal year.

Section 6. PLEDGE. (a) The Bonds, Parity Bonds and any Additional Bonds, and the interest thereon, are and shall be secured equally and ratably on a parity by and payable from a first lien on and pledge of the Pledged Revenues, and the Pledged Revenues are further pledged to the establishment and maintenance of the Interest and Redemption Fund and the Reserve Fund, as provided in this Bond 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. There has been created and there shall be maintained on the books of the Issuer, and accounted for separate and apart from all other funds of the Issuer, a special fund to be entitled the "Trinity River Authority of Texas Mountain Creek Regional Wastewater System Revenue Bonds Revenue Fund" (hereinafter called the "Revenue Fund"). All Pledged Revenues shall be credited to the Revenue Fund promptly after they become available.

Section 8. INTEREST AND REDEMPTION FUND. For the sole purpose of paying the principal of and interest on all Bonds, Parity Bonds and any Additional Bonds, as the same come due, there has been created and there shall be maintained on the books of the Issuer, and accounted for separate and apart from all other funds of the Issuer, a special fund to be entitled the "Trinity River Authority of Texas Mountain Creek Regional Wastewater System Revenue Bonds Interest and Redemption Fund" (hereinafter called the "Interest and Redemption Fund").

Section 9. RESERVE FUND. There has been created and there shall be maintained on the books of the Issuer, and accounted for separate and apart from all other funds of the Issuer, a special fund to be entitled the "Trinity River Authority of Texas Mountain Creek Regional Wastewater System Revenue Bonds Reserve Fund (hereinafter called the "Reserve Fund"). The Reserve Fund shall be used solely for the purpose of finally retiring the last of any Bonds, Parity Bonds or Additional Bonds, or for paying when due the principal of and interest on any Bonds, Parity Bonds or Additional Bonds when and to the extent the amounts in the Interest and Redemption Fund are insufficient for such purpose.

Section 10. DEPOSITS OF PLEDGED REVENUES; INVESTMENTS. (a) The Pledged Revenues shall be deposited into the Interest and Redemption Fund and the Reserve Fund when and as required by this Bond Resolution.

(b) Money in any Fund maintained pursuant to this Resolution may, at the option of the Issuer, be invested as permitted by the Public Funds Investment Act, Chapter 2256, Texas Government Code, and the investment policy of the Issuer. Such deposits and investments shall be made consistent with the estimated requirements of such Funds, and any obligation in which money is so invested shall be kept and held for the benefit of the owners of the Bonds, Parity Bonds and Additional Bonds, and shall be

promptly sold and the proceeds of sale applied to the making of all payments required to be made from the Fund from which the investment was made. All earnings from the deposit or investment of any such Fund shall be credited to such Fund. All investment earnings on deposits in the Interest and Redemption Fund shall reduce the amounts which otherwise would be required to be deposited therein, with the result that the requirements of the Contracting Parities to pay principal and/or interest payments under the Contracts shall be reduced accordingly.

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

Section 11. FUNDS SECURED. Money in all Funds created by this Bond Resolution, to the extent not invested, shall be secured in the manner prescribed by law for securing funds of the Issuer.

Section 12. DEBT SERVICE REQUIREMENTS. (a) Promptly after the delivery of the Bonds the Issuer shall cause to be deposited to the credit of the Interest and Redemption Fund, from the proceeds received from the sale and delivery of the Bonds, any accrued interest received from such sale.

(b) The Issuer shall transfer from the Pledged Revenues and deposit to the credit of the Interest and Redemption Fund the amounts, at the times, as follows:

on or before the first interest payment date on the Bonds, and semiannually thereafter, on or before each interest payment date, an amount sufficient, together with other amounts, if any, then on hand in the Interest and Redemption Fund and available for such purpose, to pay the interest and/or principal and interest scheduled to accrue and come due on the Bonds on each interest payment date.

Section 13. RESERVE FUND. (a) In addition to words and terms otherwise defined in this Resolution, the following definitions shall apply to words and terms used in this section:

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

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

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

"Credit Facility Provider" means (i) with respect to any Credit Facility consisting of a policy of municipal bond insurance or a surety bond, an issuer of policies of insurance insuring the timely payment of debt service on governmental obligations such as the Bonds, Parity Bonds or Additional Bonds, provided that a Rating Agency having an outstanding rating on the Bonds, Parity Bonds or Additional Bonds would rate the Bonds, Parity Bonds or Additional Bonds upon delivery of the Bonds, Parity Bonds or Additional Bonds fully insured by a standard policy issued by the issuer in its highest generic rating category for such obligations; and (ii) with respect to any Credit Facility consisting of a letter or line of credit, any financial institution, provided that a Rating Agency having an outstanding rating on the Bonds, Parity Bonds or Additional Bonds would rate the Bonds, Parity Bonds or Additional Bonds in one of its two highest generic rating categories for such obligations if the letter or

line of credit proposed to be issued by such financial institution secured the timely payment of the entire principal amount of the series of Bonds, Parity Bonds or Additional Bonds and the interest thereon.

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

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

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

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

"Required Reserve" means an amount equal to the lesser of (i) the average annual principal and interest requirements on the Bonds, Parity Bonds and Additional Bonds or (ii) the amount determined by the Internal Revenue Code of 1986, as amended, and the regulations thereunder, as of the date of issuance of any hereafter issued Additional Bonds issued with the intent that interest thereon will be excludable from the gross income of the registered owners thereof for federal income tax purposes, to be a reasonably required reserve or replacement fund.

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

"S&P" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, S&P shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer.

(b) The Required Reserve may be funded with either cash or a Reserve Fund Obligation, or both, as determined by the Authorized Officer at the time of issuance of each series of Bonds authorized by Section 1, provided that all Texas Water Development Board rules relating to financial guarantors are satisfied and the Issuer receives the written consent of Texas Water Development Board. Thereafter, no further deposits shall be made into the Reserve Fund as long as the money and investments, together with any Reserve Fund Obligation, in the Reserve Fund are at least equal in market value to the Required Reserve; but if and whenever the market value of money and investments, together with any Reserve Fund Obligation, in the Reserve Fund is reduced below said Required Reserve because of a decrease in market value of investments, then the Issuer shall require the Contracting Parties to increase payments under the Contracts as soon as practicable, and in all events by the end of the next Fiscal Year, in an amount sufficient to restore the Reserve Fund to the Required Reserve; and in the event the Reserve Fund is used to pay the principal of or interest on the Bonds, Parity Bonds or Additional Bonds because of insufficient amounts being available in the Interest and

Redemption Fund, then the Issuer shall require the Contracting Parties to increase payments under the Contracts in an amount sufficient to restore the Reserve Fund to the Required Reserve in market value, and from such increased payments the Issuer shall deposit in the Reserve Fund, in approximately equal periodic installments, not less than annual, such amounts as are required to restore the Reserve Fund to the Required Reserve in market value as soon as practicable, but in any case, within one year from any date of the use of the Reserve Fund to pay such principal or interest. For purposes of calculating the amount on hand in the Reserve Fund, an amount equal to the maximum available amount which may be drawn under any Reserve Fund Obligation, as described in (f) below, will be deemed on deposit in the Reserve Fund. During any period in which the money and investments credited to the Reserve Fund, taking into account any Reserve Fund Obligation, are equal to or exceed the Required Reserve in market value then during such period all investment earnings and income from the Reserve Fund shall be deposited upon receipt to the credit of the Interest and Redemption Fund.

(c) The Reserve Fund shall be used only for the purpose of paying principal of or interest on the Bonds, Parity Bonds or Additional Bonds when there is not sufficient money available in the Interest and Redemption Fund for such payments, and shall be used finally to pay, redeem or retire the last of the outstanding Bonds, Parity Bonds or Additional Bonds.

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

(e) An equivalent Reserve Fund Obligation may be substituted by the Issuer at any time and from time to time for all or any part of the money and/or investments held for the credit of the Reserve Fund, and such money and/or investments may be withdrawn and used for any lawful purpose, provided, however, that to the extent such funds were derived from the proceeds of Bonds, Parity Bonds or Additional Bonds, such funds may only be withdrawn and either (i) deposited into the Interest and Redemption Fund or (ii) applied for a purpose for which such Bonds, Parity Bonds or Additional Bonds were originally issued, and further provided that all Texas Water Development Board rules relating to financial guarantors are satisfied and the Issuer receives the written consent of Texas Water Development Board. If a Reserve Fund Obligation is used as provided above, any reimbursements required thereunder to be paid to a Credit Facility Provider as a result of a draw or demand thereunder and any interest thereon and expenses payable thereunder shall be made, as provided in the Reserve Fund Obligation, from moneys deposited into the Reserve Fund until fully paid. If it becomes necessary to pay interest on or principal of any Bonds from the Reserve Fund, money and investments held for the credit of the Reserve Fund shall be utilized first for such purpose, before any demand or draw is made on a Reserve Fund Obligation.

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

(1) A surety bond or insurance policy issued to the Issuer or other party, as agent of the registered owners, by a company licensed to issue an insurance policy guaranteeing the timely payment of debt service on the Bonds (a "municipal bond insurer") if the claims paying ability of the issuer thereof shall, at the time of issuance, be rated by at least one of the

following rating agencies in the indicated rating categories, to-wit, "AAA" by S&P or Fitch or "Aaa" by Moody's.

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

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

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

(5) In the event (a) the issuer of the Reserve Fund Obligation defaults in its payment obligations hereunder, or (b) the issuer of the Reserve Fund Obligation becomes insolvent, the

Issuer shall either (i) deposit into the Reserve Fund, in accordance with this section, amounts sufficient to cause the money or investments on deposit in the Reserve Fund to accumulate to the Required Reserve, or (ii) replace such instrument with a surety bond, insurance policy, or letter of credit meeting the requirements in any of 1 through 3 above within twelve months of such occurrence.

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

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

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

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

Section 14. DEFICIENCIES; EXCESS PLEDGED REVENUES. (a) If on any occasion there shall not be sufficient Pledged Revenues to make the required deposits into the Interest and Redemption Fund and the Reserve Fund, then such deficiency shall be made up as soon as possible from the next available Pledged Revenues.

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

Section 15. PAYMENT OF BONDS, PARITY BONDS AND ADDITIONAL BONDS. On or before the first interest payment date on the Bonds, and semiannually on or before each interest payment date thereafter while any of the Bonds, Parity Bonds or Additional Bonds are outstanding and unpaid, the Issuer shall make available to the Paying Agent/Registrar, out of the Interest and Redemption Fund, or the Reserve Fund, if necessary, money sufficient to pay such interest on and such principal of the Bonds, Parity Bonds and Additional Bonds as will accrue or mature on each interest payment date.

Section 16. 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 Bonds, Parity Bonds or Additional Bonds. Such Additional Bonds, if and when authorized, issued, and delivered in

accordance with the provisions hereof, shall be secured by and made payable equally and ratably on a parity with the Bonds, from a first lien on and pledge of the Pledged Revenues.

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

(c) All calculations of average annual principal and interest requirements made pursuant to this Section shall be made as of 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 such interest must be fixed at a predetermined rate or rates in the authorizing bond proceedings; and for the purposes of this and all other Sections of this Resolution, principal amounts of any Bonds, Parity Bonds or Additional Bonds or portions thereof which are required to be prepaid or redeemed on any date prior to scheduled due date or maturity pursuant to any mandatory redemption requirements shall be deemed to be due and maturing amounts of principal on the date required to be prepaid or redeemed.

Section 17. 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 Bonds, Parity Bonds and Additional Bonds, and the resolutions authorizing the same, that the Interest and Redemption Fund and the Reserve Fund each contains the amount then required to be therein, and that either (1) based on a report of an independent engineer or firm of engineers, the Pledged Revenues, in each fiscal year thereafter, commencing with the third complete fiscal year following the date of such report, are estimated to be at least equal to 1.25 times the average annual principal and interest requirements of all Bonds, Parity Bonds and Additional Bonds to be outstanding after the delivery of the then proposed Additional Bonds, or (2) based upon an opinion of legal counsel to the Issuer, there are Contracts then in effect pursuant to which the Contracting Parties and others, if any, which are parties to such Contracts are obligated to make payments to the Issuer during each fiscal year (including during periods when services of the System may not be available to such Contracting Parties and others) in such amounts as shall be necessary to provide to the Issuer Pledged Revenues sufficient to pay when due all principal of and interest on all Bonds, Parity Bonds and Additional Bonds to be

outstanding after the issuance of the proposed Additional Bonds, and to make the deposits into the Reserve Fund as required under this Resolution.

Section 18. GENERAL COVENANTS. The Issuer further covenants and agrees that:

(a) It will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in each resolution authorizing the issuance of the Bonds, Parity Bonds and any Additional Bonds, and in each and every Bond, Parity Bond and Additional Bond; that it will promptly pay or cause to be paid the principal of and interest on every Bond, Parity Bond and Additional Bond, on the dates and in the places and manner prescribed in such resolutions and Bonds, Parity Bonds or Additional Bonds, and that it will, at the times and in the manner prescribed, deposit or cause to be deposited the amounts required to be deposited into the Interest and Redemption Fund and any owner of the Bonds, 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 Bonds, 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) 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 the Authority Act, and is duly authorized under the laws of the State of Texas to create and issue the Bonds; that all action on its part of the creation and issuance of the Bonds has been duly and effectively taken, and that the Bonds in the hands of the owners thereof are and will be valid and enforceable special obligations of the Issuer in accordance with their terms.

(c) That other than for the payment of the Bonds herein authorized, the Pledged Revenues have not in any manner been pledged to the payment of any debt or obligation of the Issuer.

(d) That while any of the Bonds are outstanding, the Issuer will not, with the exception of the Additional Bonds expressly permitted by this Resolution to be issued, additionally encumber the Pledged Revenues.

(e) That the Issuer will carry out all of its obligations under the Contract; and when or if necessary will promptly enforce and cause the Contracting Parties to carry out all of their obligations under the Contracts, for the benefit of the Issuer and the owners of the Bonds, Parity Bonds and Additional Bonds by all legal and equitable means, including the use of mandamus proceedings against the Contracting Parties; and the Contracts will not be changed, rescinded, or amended in any way which would have a materially adverse effect on the rights of the owners of the Bonds, Parity Bonds and Additional Bonds.

Section 19. AMENDMENT OF RESOLUTION. (a) The owners of Bonds, Parity Bonds and Additional Bonds aggregating a majority in principal amount of the aggregate principal amount of then outstanding Bonds, Parity Bonds and Additional Bonds (for purposes of this sentence only, 100% of the aggregate principal amount of Bonds, Parity Bonds or Additional Bonds which are insured by a bond insurance provider at the time that the Issuer seeks approval of an amendment shall be deemed to be owned by such bond insurance provider) shall have the right from time to time to approve any amendment to any resolution authorizing the issuance of any Bonds, 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 Bonds, Parity Bonds or Additional Bonds so as to:

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

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

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

(4) Modify the terms of payment of principal of or interest on the outstanding Bonds, 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 Bonds, Parity Bonds and Additional Bonds then outstanding; or

(6) Change the minimum percentage of the principal amount of Bonds, 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 Bonds, Parity Bonds and Additional Bonds, for inspection by all owners of Bonds, Parity Bonds and Additional Bonds. Such publication is not required, however, if notice in writing is given to the owner of each of the Bonds, 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 Bonds, 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 Bonds, Parity Bonds and Additional Bonds and all future Additional Bonds shall thereafter be determined, exercised, and enforced hereunder, subject in all respects to such amendment.

(e) Any consent given by the owner of a 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 Bond, 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 Bond, 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 Bonds, 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 Bonds, Parity Bonds and Additional Bonds shall be determined from the Registration Books of the Issuer kept by the Paying/Registrar for such Bonds, Parity Bonds and Additional Bonds.

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

Section 20. DEFEASANCE OF BONDS. (a) Any Bond and the interest thereon shall be deemed to be paid, retired, and no longer outstanding (a "Defeased Bond") within the meaning of this Resolution, except to the extent provided in subsection (d) of this Section, when payment of the principal of such Bond, plus interest thereon to the due date (whether such due date be by reason of maturity or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar in accordance with an escrow agreement or other instrument (the "Future Escrow Agreement") for such payment (1) lawful money of the United States of America sufficient to make such payment or (2) Defeasance Securities that mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to provide for such payment, and when proper arrangements have been made by the Issuer with the Paying Agent/Registrar for the payment of its services until all Defeased Bonds shall have become due and payable. At such time as a Bond shall be deemed to be a Defeased Bond hereunder, as aforesaid, such Bond and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the Net Revenues as provided in this Resolution, and such principal and interest shall be payable solely from such money or Defeasance Securities. Notwithstanding any other provision of this Resolution to the contrary, it is hereby provided that any determination not to redeem Defeased Bonds that is made in conjunction with the payment arrangements specified in subsection 20(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 20(a)(i) or (ii). All income from such Defeasance Securities received by the Paying Agent/Registrar which is not required for the payment of

the Defeased Bonds, with respect to which such money has been so deposited, shall be remitted to the Issuer or deposited as directed in writing by the Issuer.

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

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

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

Section 21. 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 for Bonds issued in conversion and exchange for other Bonds.

Section 22. 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 (less amounts deposited to a reserve fund, if any) are used for any "private business use," as defined in section 141(b)(6) of the Code or, if more than 10 percent of the proceeds are so used, that amounts, whether or not received by the Issuer, with respect to such private business use, do not, under the terms of this Resolution or any underlying arrangement, directly or indirectly, secure or provide for the payment of more than 10 percent of the debt service on the Bonds, in contravention of section 141(b)(2) of the Code;

(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 (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.

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.

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

Section 23. 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 by deposited in the Interest and Redemption Fund.

Section 24. CONSTRUCTION FUND. The Issuer hereby creates and establishes and shall maintain on the books of the Issuer a separate fund to be entitled the "Mountain 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 System as hereinbefore provided. The Issuer shall deposit the net proceeds from the sale of the Bonds into said Fund. Upon payment of all such costs, any moneys remaining on deposit in said Fund shall be transferred to the Interest and Redemption Fund.

Section 25. ALLOCATION OF, AND LIMITATION ON, EXPENDITURES FOR THE SYSTEM. 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 "System") 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 System 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 26. DISPOSITION OF SYSTEM. The Issuer covenants that the property constituting the System 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 27. CUSTODY, APPROVAL, BOND COUNSEL'S OPINION, CUSIP NUMBERS AND INSURANCE. The President of the Board of Directors and the Manager, Financial Services of the Issuer are hereby authorized to have control of the Bonds issued hereunder and all necessary records and proceedings pertaining to the Bonds pending their delivery and the approval of the Bonds by the Attorney General of the State of Texas. The Comptroller of Public Accounts is requested to cause the Bonds to be registered in accordance with law. 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 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 shall bear, as appropriate and applicable, a legend concerning insurance as provided by the Insurer.

Section 28. FURTHER PROCEDURES. The President, Vice President, Secretary and Assistant Secretary of the Board of Directors of the Issuer, the Manager, Financial Services (as the "Authorized Officer" 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 29. 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 notify the MSRB, in a timely manner not in excess of ten business days after the occurrence of the event, of any of the following events with respect to the Bonds:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
7. Modifications to rights of holders of the Bonds, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Issuer;
13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
14. Appointment of a successor Paying Agent/Registrar or change in the name of the Paying Agent/Registrar, if material.

(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 30. 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. The Issuer (i) covenants to maintain rates and charges to the Contracting Parties sufficient to meet the debt service requirements on the Bonds and outstanding Parity Bonds and (ii) has required in existing Contracts and will require in any future Contract with any Additional Contracting Party that such Additional Contracting Party maintain rates and charges for its water and sewer system sufficient to pay the Additional Contracting Party's obligations secured by and made payable from the revenues derived from the operation of its water and sewer system.

(e) Escrow Agreement. The General Manager, acting as the "Authorized Officer" shall approve, execute and deliver an appropriate escrow agreement with a qualified and properly chartered trust institution. Proceeds of the Bonds required to be deposited under an escrow agreement 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 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, (ii) comply with any special conditions specified by the Board of the TWDB in an environmental determination, (iii) maintain current, accurate and complete records and accounts necessary to demonstrate compliance with generally accepted government accounting standards and other financial assistance related legal and contractual provisions, (iv) 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 and (v) all laborers and mechanics employed by contractors and subcontractors for projects for which Bond proceeds will be used shall be paid wages at rates not less than those prevailing on projects of a similar character in the locality in accordance with the Davis-Bacon Act, and the U.S. Department of Labor's implementing regulations, and all project related contracts will mandate compliance with said Act.

(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 31. EXPIRATION OF AUTHORIZATION. The authority of the Manager, Financial Services, 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 32. 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 MANAGER, FINANCIAL SERVICES

I, the undersigned Manager, Financial Services 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 June 22, 2011 (the "Resolution") relating to the issuance of Trinity River Authority of Texas Mountain Creek Regional Wastewater System Revenue Bonds, Series 2011 (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 $11,015,000.

3. The Bonds shall be dated October 15, 2011, shall be numbered from R-1 upwards and shall mature and bear interest from October 26, 2011 with is their date of delivery to TWDB (i.e., the Date of Issuance) as follows:

MATURITY DATE (August 1)	PRINCIPAL AMOUNT($)	INTEREST RATE(%)
2014	300,000	0.000
2015	305,000	0.000
2016	300,000	0.300
2017	305,000	0.550
2018	310,000	0.850
2019	315,000	1.100
2020	325,000	1.350
2021	335,000	1.550
2022	340,000	1.700
2023	350,000	1.950
2024	360,000	2.050
2025	375,000	2.200
2026	385,000	2.350
2027	395,000	2.450
2028	405,000	2.550
2029	425,000	2.650
2030	440,000	2.750
2031	455,000	2.800
2032	475,000	2.900
2033	620,000	2.950
2034	645,000	3.050
2035	670,000	3.100
2036	695,000	3.200
2037	725,000	3.200
2038	760,000	3.200

4. Interest on the Bonds shall be payable February 1 and August 1 of each year, commencing February 1, 2012.

5. The Bonds scheduled to mature on and after August 1, 2022, 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, 2022 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 2011 Mountain 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 30(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 9/19/2011.

TRINITY RIVER AUTHORITY OF TEXAS

Robert E. Moore

Robert E. Moore, CPA
Manager, Financial Services

EXHIBIT A

NO. R-

PRINCIPAL
AMOUNT
$

UNITED STATES OF AMERICA
STATE OF TEXAS
TRINITY RIVER AUTHORITY OF TEXAS
MOUNTAIN CREEK REGIONAL WASTEWATER SYSTEM
REVENUE BONDS, SERIES 2011

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, 2012 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 Issuer. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each owner of a Bond appearing on the Registration Books at the close of business on the last business day next preceding the date of mailing of such notice.

ANY ACCRUED INTEREST due at maturity or upon the redemption of this Bond prior to maturity as provided herein shall be paid to the registered owner upon presentation and surrender of this Bond for redemption and payment at the principal corporate trust office of the Paying Agent/Registrar. The Issuer covenants with the registered owner of this Bond that on or before each principal payment date, interest payment date, and accrued interest payment date for this Bond it will make available to the Paying Agent/Registrar, from the "Interest and Redemption Fund" created by the Bond Resolution, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Bonds, when due.

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

THIS BOND is one of a Series of Bonds dated October 15, 2011, authorized in accordance with the Constitution and laws of the State of Texas in the principal amount of $11,015,000, in order to obtain funds to pay the costs of acquisition and construction of improvements and extensions to the Mountain Creek Regional Wastewater System.

ON FEBRUARY 1, 2022, or on any date thereafter, the Bonds of this Series may be redeemed prior to their scheduled maturities, at the option of the Issuer, with funds derived from any available and lawful source, as a whole, or in part in inverse order of maturity, and, if in part, the particular Bonds to be redeemed shall be selected and designated by the Issuer, at the redemption price of the principal amount, plus accrued interest to the date fixed for redemption.

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 published and if due provision for such payment is made, all as provided above, the Bonds or portions thereof which are to be so redeemed thereby automatically shall be treated as redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the registered owner to receive the redemption price from the Paying Agent/Registrar out of the funds provided for such payment. If a portion of any Bond shall be redeemed a substitute Bond or Bonds having the same maturity date, bearing interest at the same rate, in any denomination or denominations in any integral multiple of $5,000, at the written request of the registered owner, and in aggregate principal amount equal to the unredeemed portion thereof, will be issued to the registered owner upon the surrender thereof for cancellation, at the expense of the Issuer, all as provided in the Bond Resolution.

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

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

the exercise of such privilege. The Paying Agent/Registrar shall not be required to make any such transfer, conversion or exchange (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or, (ii) with respect to any Bond or any portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date.

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

IT IS HEREBY certified, recited, and covenanted that this Bond has been duly and validly authorized, issued, sold, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this Bond have been performed, existed, and been done in accordance with law; that this Bond is a special obligation of the Issuer, secured by and payable from a first lien on and pledge of the "Pledged Revenues", as defined in the Bond Resolution, and include payments and amounts received by the Issuer pursuant to various contracts styled "Trinity River Authority of Texas - Mountain Creek Regional Wastewater System Contract" entered into between the Issuer and the Cities of Grand Prairie, Midlothian and Venus, Texas.

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

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

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

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

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

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)

TAB 5

GENERAL CERTIFICATE

THE STATE OF TEXAS :
TRINITY RIVER AUTHORITY OF TEXAS :

We, the undersigned, hereby officially certify that we are the President and Secretary of the Board of Directors, respectively, of the Trinity River Authority of Texas (the "Authority") and the Manager, Financial Services 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 Mountain Creek Regional Wastewater System Revenue Bonds, Series 2011 (the "Bonds"), dated October 15, 2011, authorized by Resolution No. R-1327 adopted on June 22, 2011, 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 the Contract, as defined in the Bond Resolution, between and among the Authority and the Cities of Grand Prairie and Midlothian, Texas and the First Additional Contract, as defined in the Bond Resolution, by and between the Authority and the City of Venus, Texas (collectively, the "Contracting Parties") have not in any manner been changed, amended, or supplemented; and the Contract and First Additional Contract are in full force, operation, and effect; and no default exists with respect to said Contract or First Additional Contract.

4. That none of the Pledged Revenues, as defined in the Bond Resolution, from the aforesaid Contract are pledged or encumbered to the payment of any debt or obligation whatsoever.

5. That the Contract and First Additional Contract 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 or requirements of the Bond Resolution authorizing the Bonds.

7. That no litigation of any nature has ever been filed pertaining to, affecting or contesting: (a) the title of the present members and officers of the Board of Directors of the Authority to their respective offices, (b) the boundaries of said Authority, (c) the validity of the corporate existence of said Authority, (d) any of the aforesaid contracts or (e) the Bonds.

8. 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.

9. 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 to make the deposits into the Reserve Fund as required under the resolutions authorizing the Bonds.

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

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

SIGNED this 9/19/2011.

Secretary, Board of Directors

President, Board of Directors

Manager, Financial Services

TAB 6

GENERAL CERTIFICATE OF CITY OF GRAND PRAIRIE

THE STATE OF TEXAS :
COUNTIES OF DALLAS, TARRANT AND ELLIS :
CITY OF GRAND PRAIRIE :

We, the undersigned City Manager and City Secretary of the City of Grand Prairie, Texas (the "City") hereby 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 MOUNTAIN CREEK REGIONAL WASTEWATER SYSTEM REVENUE BONDS, SERIES 2011, dated October 15, 2011 (the "Bonds"), authorized by a resolution adopted by the Board of Directors of the Trinity River Authority of Texas (the "Authority") on June 22, 2011.

2. That said City is a duly incorporated Home Rule City, having more than 5000 inhabitants, operating and existing under the Constitution and laws of the State of Texas and the duly adopted Home Rule Charter of said City, which Charter has not been changed or amended since the passage of the ordinance authorizing the most recently issued Series of outstanding obligations of the City approved by the Texas Attorney General.

3. That no litigation of any nature is pending or threatened pertaining to, affecting or contesting: (a) the execution or delivery, payment, security or validity of the "TRINITY RIVER AUTHORITY OF TEXAS - MOUNTAIN CREEK REGIONAL WASTEWATER SYSTEM CONTRACT (CITIES OF GRAND PRAIRIE AND MIDLOTHIAN, TEXAS)" by and among the City, the City of Midlothian, Texas and the Authority dated as of March 1, 2002 (the "Contract"); (b) the title of the present members and officers of the City Council of said City to their respective offices; or (c) the validity of the corporate existence or the Charter of said City.

4. That the statements and information set forth in the Application to the Texas Water Development Board (the "Application") pertaining to the City and the Bonds, and particularly the City's operating statements, debt service requirements, revenues, taxable values, rates for water and sewer services (which rates have been set by City Ordinance now in effect), historical revenues and expenses and other information set forth therein are true and correct in all material respects.

5. That the Contract is still in full force and effect, has not been amended or rescinded, no litigation is pending relating to the authority of the City to enter into the Contract and no default exists in connection therewith.

6. That the Contract has been duly authorized by the City Council by a resolution adopted on March 5, 2002, in full compliance with the Charter of the City and applicable law.

7. That the signatures on the Contract are the true and correct signatures of Charles England, Mayor of the City and Sharan Barrett, a duly authorized Deputy City Secretary of the City.

SIGNED 9/29/2011.

CITY OF GRAND PRAIRIE

Deputy City Manager

Catherine E. DiMaggio
City Secretary

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

Given under my hand and seal of office this 29th day of September 2011

REYNA PYKA
Notary Public, State of Texas
My Commission Expires
June 02, 2012

Reyna Pyka
Notary Public

(Notary Seal)

TAB 7

GENERAL CERTIFICATE OF CITY OF MIDLOTHIAN

THE STATE OF TEXAS :
COUNTY OF ELLIS :
CITY OF MIDLOTHIAN :

We, the undersigned City Manager and City Secretary of the City of Midlothian, Texas (the "City") hereby 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 MOUNTAIN CREEK REGIONAL WASTEWATER SYSTEM REVENUE BONDS, SERIES 2011, dated October 15, 2011 (the "Bonds"), authorized by a resolution adopted by the Board of Directors of the Trinity River Authority of Texas (the "Authority") on June 22, 2011.

2. That said City is a duly incorporated Home Rule City, having more than 5000 inhabitants, operating and existing under the Constitution and laws of the State of Texas and the duly adopted Home Rule Charter of said City, which Charter has not been changed or amended since the passage of the ordinance authorizing the most recently issued Series of outstanding obligations of the City approved by the Texas Attorney General.

3. That no litigation of any nature is pending or threatened pertaining to, affecting or contesting: (a) the execution or delivery, payment, security or validity of the "TRINITY RIVER AUTHORITY OF TEXAS - MOUNTAIN CREEK REGIONAL WASTEWATER SYSTEM CONTRACT (CITIES OF GRAND PRAIRIE AND MIDLOTHIAN, TEXAS)" by and among the City, the City of Grand Prairie, Texas and the Authority dated as of March 1, 2002 (the "Contract"); (b) the title of the present members and officers of the City Council of said City to their respective offices; or (c) the validity of the corporate existence or the Charter of said City.

4. That the statements and information set forth in the Application to the Texas Water Development Board (the "Application") pertaining to the City and the Bonds, and particularly the City's operating statements, debt service requirements, revenues, taxable values, rates for water and sewer services (which rates have been set by City Ordinance now in effect), historical revenues and expenses and other information set forth therein are true and correct in all material respects.

5. That the Contract is still in full force and effect, has not been amended or rescinded, no litigation is pending relating to the authority of the City to enter into the Contract and no default exists in connection therewith.

6. That the Contract has been duly authorized by the City Council by a resolution adopted on March 5, 2002, in full compliance with the Charter of the City and applicable law.

7. That the signatures on the Contract are the true and correct signatures of David K. Setzer, Mayor of the City and Lou Jameson, the City Secretary of the City.

SIGNED 9-27-11.

CITY OF MIDLOTHIAN

City Manager
Don Hastings, City Manager

City Secretary

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

Given under my hand and seal of office this 9-27-11

Notary Public

(Notary Seal)

TAB 8

GENERAL CERTIFICATE OF CITY OF VENUS

THE STATE OF TEXAS :
COUNTIES OF JOHNSON AND ELLIS :
CITY OF VENUS :

We, the undersigned City Administrator and City Secretary of the City of Venus, Texas (the "City") hereby 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 MOUNTAIN CREEK REGIONAL WASTEWATER SYSTEM REVENUE BONDS, SERIES 2011, dated October 15, 2011 (the "Bonds"), authorized by a resolution adopted by the Board of Directors of the Trinity River Authority of Texas (the "Authority") on June 22, 2011.

2. That the City is a duly incorporated Type A General Law Municipality, operating and existing under the Constitution and laws of the State of Texas; and that the provisions of former Title 28, Revised Civil Statutes of Texas, 1925, as amended, relating to cities and towns, including particularly Chapters 1 through 10 thereof, are applicable to and have been lawfully accepted or adopted by said City.

3. That no litigation of any nature is pending or threatened pertaining to, affecting or contesting: (a) the execution or delivery, payment, security or validity of the "TRINITY RIVER AUTHORITY OF TEXAS - MOUNTAIN CREEK REGIONAL WASTEWATER SYSTEM CONTRACT (CITY OF VENUS, TEXAS)" by and between the City and the Authority dated as of December 1, 2009 (the "Contract"); (b) the title of the present members and officers of the City Council of said City to their respective offices; or (c) the validity of the corporate existence or the Charter of said City.

4. That the statements and information set forth in the Application to the Texas Water Development Board (the "Application") pertaining to the City and the Bonds, and particularly the City's operating statements, debt service requirements, revenues, taxable values, rates for water and sewer services (which rates have been set by City Ordinance now in effect), historical revenues and expenses and other information set forth therein are true and correct in all material respects.

5. That the Contract is still in full force and effect, has not been amended or rescinded, no litigation is pending relating to the authority of the City to enter into the Contract and no default exists in connection therewith.

6. That the Contract has been duly authorized by the City Council by a resolution adopted on October 12, 2009, in full compliance with applicable law.

7. That the signatures on the Contract are the true and correct signatures of Charley Grimes, Mayor of the City and Linda Taylor, the City Secretary of the City.

SIGNED 9/27/11.

CITY OF VENUS

City Administrator

City Secretary

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

Given under my hand and seal of office this 27th day of Sept. 2011

Notary Public

(Notary Seal)

MARLA J. KING
MY COMMISSION EXPIRES
April 12, 2015

TAB 9

ESCROW AGREEMENT

THIS ESCROW AGREEMENT (the "Agreement"), dated as of September 19, 2011, 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 Manager, Financial Services, 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 June 22, 2011 (the "Resolution"), the Board of Directors of the Authority authorized the issuance of $11,015,000 Trinity River Authority of Texas Mountain Creek Regional Wastewater System Revenue Bonds, Series 2011, dated October 15, 2011, (the "Bonds") for the purpose of the acquisition and construction of improvements and extensions to the Authority's Mountain Creek Regional Wastewater 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 Mountain Creek Regional Wastewater System Revenue Bonds, Series 2011 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:

Kushina White
Assistant Vice President
Wells Fargo Corporate Trust
MAC T5441-030
201 Main Street, Suite 301
Fort Worth, Texas 76102
817-334-7407 (Office)
817-885-8650 (Fax)
kushina.white@wellsfargo.com

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: _____
Manager, Financial Services

Address:
5300 S. Collins
Arlington, Texas 76018

ATTEST:

By: _____
Secretary, Board of Directors

WELLS FARGO BANK, N.A.
as Escrow Agent

By: _____
Title: Assistant Vice President

(Escrow Agent Seal)

WELLS FARGO BANK
CORPORATE SEAL

EXHIBIT A

Greg Stites, Vice President
Wells Fargo Bank
Corporate Trust Services
111 Congress Avenue, Suite 2200
MAC T7044-220
Austin, TX 78701-4050
512-344-8640
greg.l.stites@wellsfargo.com

SCHEDULE OF FEES

$11,015,000
Trinity River Authority of Texas
Mountain Creek Regional Wastewater System Revenue Bonds, Series 2011
Escrow – TWDB

Escrow Agent Annual Administration Fee **$750.00 per Series**
Included

For ordinary administration services by Escrow Agent, includes daily routine account management; investment transactions; cash transaction processing in accordance with the agreement; and mailing of trust account statements to all applicable parties. Float credit received by the bank for receiving funds that remain un-invested are deemed part of the Escrow Agent's compensation. The Administration fees are payable in advance, due at the time of Escrow Agreement execution. Fee will not be prorated in case of early termination.

Wells Fargo's bid is based on the following assumptions:

- Number of Escrow Receipts: 1
- Number of Escrow Accounts: 1
- **ALL FUNDS WILL BE RECEIVED FROM OR DISTRIBUTED TO A DOMESTIC ENTITY**

Extraordinary Fees and Expenses

We charge for out-of-pocket expenses in response to specific tasks assigned by the client. Therefore, we cannot anticipate what specific out-of-pocket items will be needed or what corresponding expenses will be incurred. Possible expenses would be, but are not limited to, tax reporting, establishment of trust accounts, express mail and messenger charges, travel expenses to attend closing or other meetings. Fees may be assessed for conversions or de-conversions. The proposal is based on the assumption of a one-time, full Book Entry Only Issuance closing at DTC. If the bonds are to be settled in an alternate form of issuance, we will provide an adjusted fee schedule. We will charge a redemption fee for periodic tenders, sinking fund, optional or extraordinary redemptions, based on the assessment appropriate at the time of the event.

This fee schedule is based upon the assumptions listed above which pertain to the responsibilities and risks involved in Wells Fargo undertaking the role of Escrow Agent. These assumptions are based on information provided to us as of the date of this fee schedule. Our fee schedule is subject to review and acceptance of the final documents. Should any of the assumptions, duties or responsibilities change, we reserve the right to affirm, modify or rescind our fee schedule.

Submitted: September 23, 2011
Pipeline: C351720

TAB 10

SIGNATURE IDENTIFICATION AND AUTHORITY CERTIFICATE OF
WELLS FARGO BANK, N.A.

I, the undersigned, Kathleen Wagner, 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 regarding the Mountain Creek Regional Wastewater System Revenue Bonds, Series 2011, dated as of September 19, 2011 (the "Agreement") was duly executed on behalf of the Bank by Kushina White, who at the time of executing and attesting the same was and is now a duly elected and acting Assistant Vice President 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:

Name	Office	Signature
Kushina White	Assistant Vice President	Kushina White

WITNESS my hand this _____.

Name: _____

Title: Vice-President

Wells Fargo Bank, N.A.
Corporate Trust Services

Certified Copy of General Signature Resolution Relating to Execution of Written Instruments

I Kathleen Wagner, 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 date below, the following named persons were duly appointed, qualified and acting Signing Officers 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
Patrick Giordano	Vice President	
Dayna Smith	Assistant Vice President	
Sandra Jones	Vice President	
Amy C. Perkins	Vice President	
John C. Stohlmann	Vice President	
Kushina White	Assistant Vice President	
Kristel D. Richards	Vice President	
Kathleen Wagner	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 11

SIGNATURE IDENTIFICATION AND NO-LITIGATION CERTIFICATE

THE STATE OF TEXAS :
TRINITY RIVER AUTHORITY OF TEXAS :

We, the undersigned, hereby certify as follows:

(a) That this certificate is executed and delivered with reference to that issue of TRINITY RIVER AUTHORITY OF TEXAS MOUNTAIN CREEK REGIONAL WASTEWATER SYSTEM REVENUE BONDS, SERIES 2011, dated October 15, 2011, in the principal amount of $11,015,000.

(b) That we officially executed and signed said Bonds manually 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 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 said Bonds, and that so far as we know and believe no such litigation is threatened.

(f) That neither the corporate existence nor boundaries of said issuer is being contested, that no litigation has been filed or is now pending which would affect the authority of the officers of said issuer to issue, execute, and deliver said 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 said issuer to be impressed or placed in facsimile on each of said Bonds, and said seal on said Bonds has been duly adopted as, and is hereby declared to be, the official seal of said 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 OCT 26 2011

MANUAL SIGNATURES	OFFICIAL TITLES
	President, Board of Directors
	Secretary, Board of Directors

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

Given under my hand and seal of office this 22nd of June, 2011.

Sheila J. Murphy
Notary Public

SHEILA J. MURPHY
MY COMMISSION EXPIRES
June 19, 2013

(Notary Seal)

Law Offices
McCall, Parkhurst & Horton L.L.P.
717 North Harwood, Ninth Floor
Dallas, Texas 75201

TAB 12

RECEIPT FOR PROCEEDS

THE STATE OF TEXAS :
TRINITY RIVER AUTHORITY OF TEXAS :

The undersigned hereby certifies as follows:

(a) That this receipt is executed and delivered with reference to

TRINITY RIVER AUTHORITY OF TEXAS MOUNTAIN CREEK REGIONAL WASTEWATER SYSTEM REVENUE BONDS, SERIES 2011, authorized by a resolution adopted by the Board of Directors of the Issuer on June 22, 2011 (the "Bonds").

(b) That the undersigned is duly qualified to receipt for the proceeds of the Bonds on behalf of the Issuer.

(c) That the Bonds have been duly delivered to the purchaser thereof.

(d) That the Bonds have been paid for in full by said purchaser concurrently with the delivery of this certificate, and the Issuer has received, and hereby acknowledges receipt of, the agreed purchase price for the Bonds.

EXECUTED and delivered this OCT 26 2011

TAB 13

FEDERAL TAX CERTIFICATE

1. In General.

1.1. The undersigned is the General Manager of Trinity River Authority of Texas (the "Issuer").

1.2. This Certificate is executed for the purpose of establishing the reasonable expectations of the Issuer as to future events regarding the Issuer's Mountain Creek Regional Wastewater System Revenue Bonds, Series 2011 (the "Bonds"). The Bonds are being issued pursuant to a resolution of the Issuer (the "Resolution") adopted on the date of sale of the Bonds. The Resolution is incorporated herein by reference.

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

1.4. The undersigned is an officer of the Issuer delegated with the responsibility 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 and with respect to the Schedules attached hereto as Exhibit "C".

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) for acquisition and construction of improvements and extensions to the Mountain Creek Regional Wastewater System (the "Projects") and (c) to deposit funds in the reserve fund (the "Reserve Fund") established by the Resolution.

2.2. The Issuer expects that the aggregate useful lives of the Projects exceed 24 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 bonds by the Texas Water Development Board.

3.4. The payment of legal and underwriting costs associated with the issuance of the Bonds is not contingent on the loans to be made and the Issuer expects that at least 95 percent of the costs associated with the issuance of the Bonds will be paid within 180 days of the date hereof. The Issuer will account for the expenditure of Bond proceeds (including investment earnings thereon) for the purposes described in Section 2 herein on its books and records by allocating such proceeds to expenditures within 18 months of the later of the date that (i) the expenditure is made, or (ii) the purposes for which the Bonds are issued have been accomplished. The foregoing notwithstanding, the Issuer will expend such sale proceeds more than 60 days after the earlier of (i) the fifth anniversary of the delivery of the Bonds, or (ii) the date the Bonds are retired, unless the Issuer obtains an opinion of nationally-recognized bond counsel that such expenditure will not adversely affect the tax-exempt status of the Bonds.

3.5. Only Project costs paid or incurred by the Issuer within 60 days prior to the date the Issuer approved the funding of the Project (the "60-day period") through its declaration of official intent ("Qualified Costs") will be paid or reimbursed with Bond proceeds. For this purpose Qualified Costs also include preliminary expenditures, incurred prior to the 60-day period before the approval of the Issuer through its declaration of official intent, up to an amount not in excess of 20 percent of the aggregate amount of the Bonds. No Qualified Cost represents the cost of property or land acquired from a related party.

3.6. 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.

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

3.8. 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.

3.9. For purposes of Subsection 3.8 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 Redemption Fund.

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

4.2. Any money deposited in the Interest and Redemption Fund and any amounts received from the investment thereof that accumulate and remain on hand therein after thirteen months from the date of deposit of any such money or one year after the receipt of any such amounts from the investment thereof shall constitute a separate portion of the Interest and Redemption Fund. The yield on any investments allocable to the portion of the Interest and Redemption Fund exceeding the sum of (a) the Bona Fide Debt Service Portion and (b) an amount equal to the lesser of five percent of the sale and investment proceeds of the 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 are held in trust for the benefit of the holders of the Bonds. If on any interest payment or maturity date, the Interest and Redemption Fund does not contain an amount sufficient to make debt service payments on the Bonds, the Issuer is required to transfer money from the Reserve Fund to the Interest and Redemption Fund in an amount sufficient to make such payments.

5.2. The present value of the investments deposited to the Reserve Fund and allocable to the 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 Redemption 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. Yield.

7.1. The Bonds are being purchased by the Texas Water Development Board at a purchase price of $10,814,942.

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

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 Redemption Fund and the Reserve Fund, there are, and will be, no other funds or accounts established, or to be established, by or on behalf of the Issuer that (a) are reasonably expected to be used, or to generate earnings to be used, to pay debt service on the Bonds, or (b) 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. 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.

10. Federal Tax Audit Responsibilities.

The Issuer acknowledges that in the event of an examination by the Internal Revenue Service (the "Service") to determine compliance of the 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.

11. 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 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.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

DATED as of October 26, 2011.

TRINITY RIVER AUTHORITY OF TEXAS

By: _____
General Manager

The undersigned represents that, to the best of the undersigned's knowledge, information and belief, the representations contained in Subsection 5.3 of this Federal Tax Certificate and the Schedules attached hereto as Exhibit "C" are, as of October 26, 2011, accurate and complete. We understand that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in this Federal Tax Certificate and by McCall, Parkhurst & Horton L.L.P. (i) in connection with rendering its opinion to the Issuer that interest on the Bonds is excludable from gross income thereof for income tax purposes, and (ii) for purposes of completing the IRS Form 8038-G. The undersigned is certifying only as to facts in existence on the date hereof. Nothing herein represents the undersigned's interpretation of any laws or the application of any laws to these facts.

FIRST SOUTHWEST COMPANY

By: Mary Williams

Name: Mary Williams

Title: SVP

Exhibit "A"

LAW OFFICES
McCALL, PARKHURST & HORTON L.L.P.

600 CONGRESS AVENUE
1250 ONE AMERICAN CENTER
AUSTIN, TEXAS 78701-3248
TELEPHONE: (512) 478-3805
FACSIMILE: (512) 472-0871

717 NORTH HARWOOD
NINTH FLOOR
DALLAS, TEXAS 75201-6587
TELEPHONE: (214) 754-9200
FACSIMILE: (214) 754-9250

700 N. ST. MARY'S STREET
1525 ONE RIVERWALK PLACE
SAN ANTONIO, TEXAS 78205-3503
TELEPHONE: (210) 225-2800
FACSIMILE: (210) 225-2984

January 1, 2006

ARBITRAGE REBATE REGULATIONS©

The arbitrage rebate requirements set forth in section 148(f) of the Internal Revenue Code of 1986 (the "Code") generally provide that in order for interest on any issue of bonds[1] 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.

---

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

Copyright 2006 by Harold T. Flanagan, McCall, Parkhurst & Horton L.L.P. All rights reserved.

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:

Date	Amount
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:

Date	Receipts (Payments)	FY (7.0000 percent)
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)		$878,664"

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[2] in an aggregate

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

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.

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

September 19, 2011

Ms. Fiona Allen
Northern Region Manager
Trinity River Authority of Texas
5300 S. Collins
Arlington. Texas 76018

Re: Trinity River Authority of Texas
Mountain Creek Regional Wastewater System Revenue Bonds, Series 2011

Dear Ms. Allen:

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 redemption 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. Please note that the Form 8038-G has been prepared based on the information provided by or on your behalf by your financial advisor. Accordingly, while we believe that the information is correct you may wish to have the yield confirmed before your rebate consultant or the paying agent attempt to rely on it.

Generally, the federal tax laws provide that, unless excepted, amounts to be used for the project or to be deposited to the interest and redemption fund and the reserve fund must be invested in obligations the combined yield on which does not exceed the yield on the 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 new money 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 redemption fund is made up of amounts which are received annually for the payment of current debt service on all the Issuer's outstanding bonds. Any taxes or revenues deposited to the interest and redemption fund which are to be used for the payment of current debt service on the captioned 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 redemption fund is permitted to be invested without regard to yield restriction as a "minor portion." The "minor portion" exception is available for de minimis amounts of taxes or revenues deposited to the interest and redemption fund. The maximum amount that may be invested as part of this account may not exceed the lesser of five percent of the principal amount of the 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 redemption fund and the reserve fund in order to determine if such balances exceed the aggregate amounts discussed above. Additionally, in the future it is important that you be aware of these restrictions as additional amounts are deposited to the funds. The amounts in these funds which are subject to yield restriction would only be the amounts which are in excess of, in the case of the interest and redemption fund, the sum of (1) the current debt service account and (2) the "minor portion" account and, in the case of the reserve fund, the amount which is the lesser of the three amounts described above. Moreover, to the extent that additional bonds are issued by the Issuer, whether for new money projects or for refunding, these amounts will change in their proportion.

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.

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

Finally, you should notice that the Resolution contains a covenant that limits the ability of the Issuer to sell or otherwise dispose of bond-financed property for compensation. Beginning for obligations issued after May 15, 1997 (including certain refunding bonds), or in cases in which an issuer elects to apply new private activity bond regulations, such sale or disposition causes the creation of a class of proceeds referred to as "disposition proceeds." Disposition proceeds, like sale proceeds and investment earnings, are tax-restricted funds. Failure to appropriately account, invest or expend such disposition proceeds would adversely affect the tax-exempt status of the 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 redemption fund and the reserve fund. You should review the memorandum attached to the Federal Tax Certificate as Exhibit "A" for this purpose. If you have certain concerns with respect to the matters discussed in this letter or wish to ask additional questions with regards to certain limitations imposed, please feel free to contact our firm. Thank you for your consideration and we look forward to our continued relationship.

Very truly yours,

McCALL, PARKHURST & HORTON L.L.P.

cc: G. Charles Kobdish

Exhibit "C"

SCHEDULES OF FINANCIAL ADVISOR

[To be attached hereto]

TABLE OF CONTENTS

TRA-Mountain Creek Regional Wastewater System
SRF Loan Series 2011 ($11.015MM Combined 08/09 IUP)
Delphis Scale 96A less 95 bps
Scale as of 9/12/2011
****FINAL****

Report	Page
SRF Loan Series 2011 ($11.015MM Combined 08/09 IUP)	
Sources and Uses of Funds	1
Bond Summary Statistics	2
Bond Pricing	3
Net Debt Service	4
Aggregate Debt Service	7
Universal Formula Verification	8
Cost of Issuance	9
Form 8038 Statistics	10
MCRWS 2008 IUP $3,070,000 (Wrap)	
Bond Summary Statistics	11
Bond Pricing	12
Net Debt Service	13
Cost of Issuance	16
MCRWS - 2009 IUP $7,945,000 (Wrap)	
Bond Summary Statistics	17
Bond Pricing	18
Net Debt Service	19
Cost of Issuance	22

SOURCES AND USES OF FUNDS

TRA-Mountain Creek Regional Wastewater System
SRF Loan Series 2011 ($11.015MM Combined 08/09 IUP)
Delphis Scale 96A less 95 bps
Scale as of 9/12/2011
****FINAL****

Dated Date	10/26/2011
Delivery Date	10/26/2011

Sources:	MCRWS 2008 IUP $3,070,000 (Wrap)	MCRWS - 2009 IUP $7,945,000 (Wrap)	Total
Bond Proceeds:			
Par Amount	3,070,000.00	7,945,000.00	11,015,000.00
	3,070,000.00	7,945,000.00	11,015,000.00

Uses:	MCRWS 2008 IUP $3,070,000 (Wrap)	MCRWS - 2009 IUP $7,945,000 (Wrap)	Total
Project Fund Deposits:			
Project Fund	2,678,578.32	6,931,301.10	9,609,879.42
Other Fund Deposits:			
Capitalized Interest Fund (through 2/1/2013)	100,741.42	261,432.26	362,173.68
Debt Service Reserve Fund	165,796.97	429,073.93	594,870.90
	266,538.39	690,506.19	957,044.58
Delivery Date Expenses:			
Cost of Issuance	69,120.29	178,879.71	248,000.00
TWDB Fee (1.85 bps)	55,763.00	144,313.00	200,076.00
	124,883.29	323,192.71	448,076.00
	3,070,000.00	7,945,000.00	11,015,000.00

BOND SUMMARY STATISTICS

TRA-Mountain Creek Regional Wastewater System
SRF Loan Series 2011 ($11.015MM Combined 08/09 IUP)
Delphis Scale 96A less 95 bps
Scale as of 9/12/2011
****FINAL****

Dated Date	10/26/2011
Delivery Date	10/26/2011
First Coupon	02/01/2012
Last Maturity	08/01/2038
Arbitrage Yield	2.959419%
True Interest Cost (TIC)	2.959419%
Net Interest Cost (NIC)	3.013132%
All-In TIC	3.281111%
Average Coupon	3.013132%
Average Life (years)	16.981
Duration of Issue (years)	13.203
Par Amount	11,015,000.00
Bond Proceeds	11,015,000.00
Total Interest	5,636,041.18
Net Interest	5,636,041.18
Bond Years from Dated Date	187,049,236.11
Bond Years from Delivery Date	187,049,236.11
Total Debt Service	16,651,041.18
Maximum Annual Debt Service	786,600.00
Average Annual Debt Service	622,145.80
Underwriter's Fees (per $1000)	
Average Takedown	
Other Fee	
Total Underwriter's Discount	
Bid Price	100.000000

	TIC	All-In TIC	Arbitrage Yield
Par Value	11,015,000.00	11,015,000.00	11,015,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount			
- Cost of Issuance Expense		-248,000.00	
- Other Amounts		-200,076.00	
Target Value	11,015,000.00	10,566,924.00	11,015,000.00
Target Date	10/26/2011	10/26/2011	10/26/2011
Yield	2.959419%	3.281111%	2.959419%

BOND PRICING

TRA-Mountain Creek Regional Wastewater System
SRF Loan Series 2011 ($11.015MM Combined 08/09 IUP)
Delphis Scale 100Aaa less 95 bps
Scale as of 9/12/2011
****REVISED FINAL - as of 10/3/2011****

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Serial Bond:					
	08/01/2014	300,000			100.000
	08/01/2015	305,000			100.000
	08/01/2016	300,000	0.300%	0.300%	100.000
	08/01/2017	305,000	0.550%	0.550%	100.000
	08/01/2018	310,000	0.850%	0.850%	100.000
	08/01/2019	315,000	1.100%	1.100%	100.000
	08/01/2020	325,000	1.350%	1.350%	100.000
	08/01/2021	335,000	1.550%	1.550%	100.000
	08/01/2022	340,000	1.700%	1.700%	100.000
	08/01/2023	350,000	1.950%	1.950%	100.000
	08/01/2024	360,000	2.050%	2.050%	100.000
	08/01/2025	375,000	2.200%	2.200%	100.000
	08/01/2026	385,000	2.350%	2.350%	100.000
	08/01/2027	395,000	2.450%	2.450%	100.000
	08/01/2028	405,000	2.550%	2.550%	100.000
	08/01/2029	425,000	2.650%	2.650%	100.000
	08/01/2030	440,000	2.750%	2.750%	100.000
	08/01/2031	455,000	2.800%	2.800%	100.000
	08/01/2032	475,000	2.900%	2.900%	100.000
	08/01/2033	620,000	2.950%	2.950%	100.000
	08/01/2034	645,000	3.050%	3.050%	100.000
	08/01/2035	670,000	3.100%	3.100%	100.000
	08/01/2036	695,000	3.200%	3.200%	100.000
	08/01/2037	725,000	3.200%	3.200%	100.000
	08/01/2038	760,000	3.200%	3.200%	100.000
		11,015,000			

Dated Date	10/26/2011	
Delivery Date	10/26/2011	
First Coupon	02/01/2012	
Par Amount	11,015,000.00	
Original Issue Discount		
Production	11,015,000.00	100.000000%
Underwriter's Discount		
Purchase Price	11,015,000.00	100.000000%
Accrued Interest		
Net Proceeds	11,015,000.00	

NET DEBT SERVICE

TRA-Mountain Creek Regional Wastewater System
SRF Loan Series 2011 ($11.015MM Combined 08/09 IUP)
Delphis Scale 96A less 95 bps
Scale as of 9/12/2011
****FINAL****

Period Ending	Principal	Interest	Total Debt Service	Capitalized Interest Fund (through 2/1/2013)	Debt Service Reserve Fund	Net Debt Service
11/30/2012		218,896.18	218,896.18	218,896.18		
11/30/2013		286,555.00	286,555.00	143,277.50		143,277.50
11/30/2014	300,000	286,555.00	586,555.00			586,555.00
11/30/2015	305,000	286,555.00	591,555.00			591,555.00
11/30/2016	300,000	285,792.50	585,792.50			585,792.50
11/30/2017	305,000	284,292.50	589,292.50			589,292.50
11/30/2018	310,000	281,852.50	591,852.50			591,852.50
11/30/2019	315,000	278,287.50	593,287.50			593,287.50
11/30/2020	325,000	273,877.50	598,877.50			598,877.50
11/30/2021	335,000	268,515.00	603,515.00			603,515.00
11/30/2022	340,000	262,317.50	602,317.50			602,317.50
11/30/2023	350,000	255,347.50	605,347.50			605,347.50
11/30/2024	360,000	247,472.50	607,472.50			607,472.50
11/30/2025	375,000	238,832.50	613,832.50			613,832.50
11/30/2026	385,000	229,270.00	614,270.00			614,270.00
11/30/2027	395,000	219,067.50	614,067.50			614,067.50
11/30/2028	405,000	208,205.00	613,205.00			613,205.00
11/30/2029	425,000	196,662.50	621,662.50			621,662.50
11/30/2030	440,000	184,125.00	624,125.00			624,125.00
11/30/2031	455,000	170,705.00	625,705.00			625,705.00
11/30/2032	475,000	156,372.50	631,372.50			631,372.50
11/30/2033	620,000	141,172.50	761,172.50			761,172.50
11/30/2034	645,000	121,022.50	766,022.50			766,022.50
11/30/2035	670,000	99,415.00	769,415.00			769,415.00
11/30/2036	695,000	76,300.00	771,300.00			771,300.00
11/30/2037	725,000	51,975.00	776,975.00			776,975.00
11/30/2038	760,000	26,600.00	786,600.00		594,870.90	191,729.10
	11,015,000	5,636,041.18	16,651,041.18	362,173.68	594,870.90	15,693,996.60

NET DEBT SERVICE

TRA-Mountain Creek Regional Wastewater System
SRF Loan Series 2011 ($11.015MM Combined 08/09 IUP)
Delphis Scale 96A less 95 bps
Scale as of 9/12/2011
****FINAL****

Date	Principal	Interest	Total Debt Service	Capitalized Interest Fund (through 2/1/2013)	Debt Service Reserve Fund	Net Debt Service
02/01/2012		75,618.68	75,618.68	75,618.68		
08/01/2012		143,277.50	143,277.50	143,277.50		
02/01/2013		143,277.50	143,277.50	143,277.50		
08/01/2013		143,277.50	143,277.50			143,277.50
02/01/2014		143,277.50	143,277.50			143,277.50
08/01/2014	300,000	143,277.50	443,277.50			443,277.50
02/01/2015		143,277.50	143,277.50			143,277.50
08/01/2015	305,000	143,277.50	448,277.50			448,277.50
02/01/2016		142,896.25	142,896.25			142,896.25
08/01/2016	300,000	142,896.25	442,896.25			442,896.25
02/01/2017		142,146.25	142,146.25			142,146.25
08/01/2017	305,000	142,146.25	447,146.25			447,146.25
02/01/2018		140,926.25	140,926.25			140,926.25
08/01/2018	310,000	140,926.25	450,926.25			450,926.25
02/01/2019		139,143.75	139,143.75			139,143.75
08/01/2019	315,000	139,143.75	454,143.75			454,143.75
02/01/2020		136,938.75	136,938.75			136,938.75
08/01/2020	325,000	136,938.75	461,938.75			461,938.75
02/01/2021		134,257.50	134,257.50			134,257.50
08/01/2021	335,000	134,257.50	469,257.50			469,257.50
02/01/2022		131,158.75	131,158.75			131,158.75
08/01/2022	340,000	131,158.75	471,158.75			471,158.75
02/01/2023		127,673.75	127,673.75			127,673.75
08/01/2023	350,000	127,673.75	477,673.75			477,673.75
02/01/2024		123,736.25	123,736.25			123,736.25
08/01/2024	360,000	123,736.25	483,736.25			483,736.25
02/01/2025		119,416.25	119,416.25			119,416.25
08/01/2025	375,000	119,416.25	494,416.25			494,416.25
02/01/2026		114,635.00	114,635.00			114,635.00
08/01/2026	385,000	114,635.00	499,635.00			499,635.00
02/01/2027		109,533.75	109,533.75			109,533.75
08/01/2027	395,000	109,533.75	504,533.75			504,533.75
02/01/2028		104,102.50	104,102.50			104,102.50
08/01/2028	405,000	104,102.50	509,102.50			509,102.50
02/01/2029		98,331.25	98,331.25			98,331.25
08/01/2029	425,000	98,331.25	523,331.25			523,331.25
02/01/2030		92,062.50	92,062.50			92,062.50
08/01/2030	440,000	92,062.50	532,062.50			532,062.50
02/01/2031		85,352.50	85,352.50			85,352.50
08/01/2031	455,000	85,352.50	540,352.50			540,352.50
02/01/2032		78,186.25	78,186.25			78,186.25
08/01/2032	475,000	78,186.25	553,186.25			553,186.25
02/01/2033		70,586.25	70,586.25			70,586.25
08/01/2033	620,000	70,586.25	690,586.25			690,586.25
02/01/2034		60,511.25	60,511.25			60,511.25
08/01/2034	645,000	60,511.25	705,511.25			705,511.25
02/01/2035		49,707.50	49,707.50			49,707.50
08/01/2035	670,000	49,707.50	719,707.50			719,707.50

NET DEBT SERVICE

TRA-Mountain Creek Regional Wastewater System
SRF Loan Series 2011 ($11.015MM Combined 08/09 IUP)
Delphis Scale 96A less 95 bps
Scale as of 9/12/2011
****FINAL****

Date	Principal	Interest	Total Debt Service	Capitalized Interest Fund (through 2/1/2013)	Debt Service Reserve Fund	Net Debt Service
02/01/2036		38,150.00	38,150.00			38,150.00
08/01/2036	695,000	38,150.00	733,150.00			733,150.00
02/01/2037		25,987.50	25,987.50			25,987.50
08/01/2037	725,000	25,987.50	750,987.50			750,987.50
02/01/2038		13,300.00	13,300.00			13,300.00
08/01/2038	760,000	13,300.00	773,300.00		594,870.90	178,429.10
	11,015,000	5,636,041.18	16,651,041.18	362,173.68	594,870.90	15,693,996.60

AGGREGATE DEBT SERVICE

TRA-Mountain Creek Regional Wastewater System
SRF Loan Series 2011 ($11.015MM Combined 08/09 IUP)
Delphis Scale 96A less 95 bps
Scale as of 9/12/2011
****FINAL****

Period Ending	MCRWS 2008 IUP $3,070,000 (Wrap)	MCRWS - 2009 IUP $7,945,000 (Wrap)	Outstanding Parity Debt	Aggregate Debt Service
11/30/2012	60,887.67	158,008.51	53,155.00	272,051.18
11/30/2013	79,707.50	206,847.50	123,155.00	409,710.00
11/30/2014	164,707.50	421,847.50	122,490.00	709,045.00
11/30/2015	164,707.50	426,847.50	121,685.00	713,240.00
11/30/2016	164,495.00	421,297.50	125,635.00	711,427.50
11/30/2017	164,070.00	425,222.50	124,360.00	713,652.50
11/30/2018	163,390.00	428,462.50	122,897.50	714,750.00
11/30/2019	167,412.50	425,875.00	126,285.00	719,572.50
11/30/2020	166,152.50	432,725.00	124,405.00	723,282.50
11/30/2021	169,667.50	433,847.50	122,285.00	725,800.00
11/30/2022	167,910.00	434,407.50	125,005.00	727,322.50
11/30/2023	170,962.50	434,385.00	122,455.00	727,802.50
11/30/2024	168,712.50	438,760.00	124,777.50	732,250.00
11/30/2025	171,312.50	442,520.00	121,852.50	735,685.00
11/30/2026	168,635.00	445,635.00	123,657.50	737,927.50
11/30/2027	170,852.50	443,215.00	125,190.00	739,257.50
11/30/2028	172,827.50	440,377.50	126,440.00	739,645.00
11/30/2029	174,550.00	447,112.50	122,450.00	744,112.50
11/30/2030	176,010.00	448,115.00	123,460.00	747,585.00
11/30/2031	172,197.50	453,507.50	124,225.00	749,930.00
11/30/2032	173,260.00	458,112.50	124,740.00	756,112.50
11/30/2033	214,100.00	547,072.50		761,172.50
11/30/2034	213,412.50	552,610.00		766,022.50
11/30/2035	212,382.50	557,032.50		769,415.00
11/30/2036	216,000.00	555,300.00		771,300.00
11/30/2037	214,175.00	562,800.00		776,975.00
11/30/2038	212,175.00	574,425.00		786,600.00
	4,634,672.67	12,016,368.51	2,530,605.00	19,181,646.18

UNIVERSAL FORMULA VERIFICATION

TRA-Mountain Creek Regional Wastewater System
SRF Loan Series 2011 ($11.015MM Combined 08/09 IUP)
Delphis Scale 96A less 95 bps
Scale as of 9/12/2011
****FINAL****

Component	Formula	Value
DSRF	Total aggregate Debt Service / 27	710,431.34
DSRF	- 115,560.44	-115,560.44
DSRF	Debt Service Reserve Fund	594,870.90
ISS	49,545	49,545.00
ISS	860	860.00
ISS	67,537.50	67,537.50
ISS	1,500	1,500.00
ISS	9,500	9,500.00
ISS	12,600	12,600.00
ISS	4,500	4,500.00
ISS	500	500.00
ISS	99,583.717	99,583.72
ISS	650	650.00
ISS	1,223.78	1,223.78

COST OF ISSUANCE

TRA-Mountain Creek Regional Wastewater System
SRF Loan Series 2011 ($11.015MM Combined 08/09 IUP)
Delphis Scale 96A less 95 bps
Scale as of 9/12/2011
****FINAL****

Cost of Issuance	$/1000	Amount
Financial Advisory Fee	4.49796	49,545.00
Financial Advisory Expenses	0.07808	860.00
Bond Counsel	6.13141	67,537.50
Bond Counsel Expenses	0.13618	1,500.00
Attorney General	0.86246	9,500.00
S&P	1.14389	12,600.00
Paying Agent	0.40853	4,500.00
Escrow Agent Fee	0.04539	500.00
TRA Administrative Fee	9.04074	99,583.72
Cusips	0.05901	650.00
Miscellaneous	0.11110	1,223.78
	22.51475	248,000.00

FORM 8038 STATISTICS

TRA-Mountain Creek Regional Wastewater System
SRF Loan Series 2011 ($11.015MM Combined 08/09 IUP)
Delphis Scale 96A less 95 bps
Scale as of 9/12/2011
****FINAL****

Dated Date	10/26/2011
Delivery Date	10/26/2011

Bond Component	Date	Principal	Coupon	Price	Issue Price	Redemption at Maturity
Serial Bond:						
	08/01/2014	300,000.00	0.000%	100.000	300,000.00	300,000.00
	08/01/2015	305,000.00	0.250%	100.000	305,000.00	305,000.00
	08/01/2016	300,000.00	0.500%	100.000	300,000.00	300,000.00
	08/01/2017	305,000.00	0.800%	100.000	305,000.00	305,000.00
	08/01/2018	310,000.00	1.150%	100.000	310,000.00	310,000.00
	08/01/2019	315,000.00	1.400%	100.000	315,000.00	315,000.00
	08/01/2020	325,000.00	1.650%	100.000	325,000.00	325,000.00
	08/01/2021	335,000.00	1.850%	100.000	335,000.00	335,000.00
	08/01/2022	340,000.00	2.050%	100.000	340,000.00	340,000.00
	08/01/2023	350,000.00	2.250%	100.000	350,000.00	350,000.00
	08/01/2024	360,000.00	2.400%	100.000	360,000.00	360,000.00
	08/01/2025	375,000.00	2.550%	100.000	375,000.00	375,000.00
	08/01/2026	385,000.00	2.650%	100.000	385,000.00	385,000.00
	08/01/2027	395,000.00	2.750%	100.000	395,000.00	395,000.00
	08/01/2028	405,000.00	2.850%	100.000	405,000.00	405,000.00
	08/01/2029	425,000.00	2.950%	100.000	425,000.00	425,000.00
	08/01/2030	440,000.00	3.050%	100.000	440,000.00	440,000.00
	08/01/2031	455,000.00	3.150%	100.000	455,000.00	455,000.00
	08/01/2032	475,000.00	3.200%	100.000	475,000.00	475,000.00
	08/01/2033	620,000.00	3.250%	100.000	620,000.00	620,000.00
	08/01/2034	645,000.00	3.350%	100.000	645,000.00	645,000.00
	08/01/2035	670,000.00	3.450%	100.000	670,000.00	670,000.00
	08/01/2036	695,000.00	3.500%	100.000	695,000.00	695,000.00
	08/01/2037	725,000.00	3.500%	100.000	725,000.00	725,000.00
	08/01/2038	760,000.00	3.500%	100.000	760,000.00	760,000.00
		11,015,000.00			11,015,000.00	11,015,000.00

	Maturity Date	Interest Rate	Issue Price	Stated Redemption at Maturity	Weighted Average Maturity	Yield
Final Maturity	08/01/2038	3.500%	760,000.00	760,000.00		
Entire Issue			11,015,000.00	11,015,000.00	16.9813	2.9594%

Proceeds used for accrued interest	0.00
Proceeds used for bond issuance costs (including underwriters' discount)	248,000.00
Proceeds used for credit enhancement	0.00
Proceeds allocated to reasonably required reserve or replacement fund	594,870.90

BOND SUMMARY STATISTICS

TRA-Mountain Creek Regional Wastewater System
MCRWS 2008 IUP $3,070,000 (Wrap)
Delphis Scale 96A less 95 bps
Scale as of 9/12/2011
FINAL

Dated Date	10/26/2011
Delivery Date	10/26/2011
First Coupon	02/01/2012
Last Maturity	08/01/2038
Arbitrage Yield	2.959419%
True Interest Cost (TIC)	2.955738%
Net Interest Cost (NIC)	3.009557%
All-In TIC	3.278013%
Average Coupon	3.009557%
Average Life (years)	16.935
Duration of Issue (years)	13.179
Par Amount	3,070,000.00
Bond Proceeds	3,070,000.00
Total Interest	1,564,672.67
Net Interest	1,564,672.67
Bond Years from Dated Date	51,990,138.89
Bond Years from Delivery Date	51,990,138.89
Total Debt Service	4,634,672.67
Maximum Annual Debt Service	216,000.00
Average Annual Debt Service	173,168.88
Underwriter's Fees (per $1000)	
Average Takedown	
Other Fee	
Total Underwriter's Discount	
Bid Price	100.000000

	TIC	All-In TIC	Arbitrage Yield
Par Value	3,070,000.00	3,070,000.00	3,070,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount			
- Cost of Issuance Expense		-69,120.29	
- Other Amounts		-55,763.00	
Target Value	3,070,000.00	2,945,116.71	3,070,000.00
Target Date	10/26/2011	10/26/2011	10/26/2011
Yield	2.955738%	3.278013%	2.959419%

BOND PRICING

TRA-Mountain Creek Regional Wastewater System
MCRWS 2008 IUP $3,070,000 (Wrap)
Delphis Scale 96A less 95 bps
Scale as of 9/12/2011
FINAL

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Serial Bond:					
	08/01/2014	85,000			100.000
	08/01/2015	85,000	0.250%	0.250%	100.000
	08/01/2016	85,000	0.500%	0.500%	100.000
	08/01/2017	85,000	0.800%	0.800%	100.000
	08/01/2018	85,000	1.150%	1.150%	100.000
	08/01/2019	90,000	1.400%	1.400%	100.000
	08/01/2020	90,000	1.650%	1.650%	100.000
	08/01/2021	95,000	1.850%	1.850%	100.000
	08/01/2022	95,000	2.050%	2.050%	100.000
	08/01/2023	100,000	2.250%	2.250%	100.000
	08/01/2024	100,000	2.400%	2.400%	100.000
	08/01/2025	105,000	2.550%	2.550%	100.000
	08/01/2026	105,000	2.650%	2.650%	100.000
	08/01/2027	110,000	2.750%	2.750%	100.000
	08/01/2028	115,000	2.850%	2.850%	100.000
	08/01/2029	120,000	2.950%	2.950%	100.000
	08/01/2030	125,000	3.050%	3.050%	100.000
	08/01/2031	125,000	3.150%	3.150%	100.000
	08/01/2032	130,000	3.200%	3.200%	100.000
	08/01/2033	175,000	3.250%	3.250%	100.000
	08/01/2034	180,000	3.350%	3.350%	100.000
	08/01/2035	185,000	3.450%	3.450%	100.000
	08/01/2036	195,000	3.500%	3.500%	100.000
	08/01/2037	200,000	3.500%	3.500%	100.000
	08/01/2038	205,000	3.500%	3.500%	100.000
		3,070,000			

Dated Date	10/26/2011	
Delivery Date	10/26/2011	
First Coupon	02/01/2012	
Par Amount	3,070,000.00	
Original Issue Discount		
Production	3,070,000.00	100.000000%
Underwriter's Discount		
Purchase Price	3,070,000.00	100.000000%
Accrued Interest		
Net Proceeds	3,070,000.00	

NET DEBT SERVICE

TRA-Mountain Creek Regional Wastewater System
MCRWS 2008 IUP $3,070,000 (Wrap)
Delphis Scale 96A less 95 bps
Scale as of 9/12/2011
FINAL

Period Ending	Principal	Interest	Total Debt Service	Capitalized Interest Fund (through 2/1/2013)	Debt Service Reserve Fund	Net Debt Service
11/30/2012		60,887.67	60,887.67	60,887.67		
11/30/2013		79,707.50	79,707.50	39,853.75		39,853.75
11/30/2014	85,000	79,707.50	164,707.50			164,707.50
11/30/2015	85,000	79,707.50	164,707.50			164,707.50
11/30/2016	85,000	79,495.00	164,495.00			164,495.00
11/30/2017	85,000	79,070.00	164,070.00			164,070.00
11/30/2018	85,000	78,390.00	163,390.00			163,390.00
11/30/2019	90,000	77,412.50	167,412.50			167,412.50
11/30/2020	90,000	76,152.50	166,152.50			166,152.50
11/30/2021	95,000	74,667.50	169,667.50			169,667.50
11/30/2022	95,000	72,910.00	167,910.00			167,910.00
11/30/2023	100,000	70,962.50	170,962.50			170,962.50
11/30/2024	100,000	68,712.50	168,712.50			168,712.50
11/30/2025	105,000	66,312.50	171,312.50			171,312.50
11/30/2026	105,000	63,635.00	168,635.00			168,635.00
11/30/2027	110,000	60,852.50	170,852.50			170,852.50
11/30/2028	115,000	57,827.50	172,827.50			172,827.50
11/30/2029	120,000	54,550.00	174,550.00			174,550.00
11/30/2030	125,000	51,010.00	176,010.00			176,010.00
11/30/2031	125,000	47,197.50	172,197.50			172,197.50
11/30/2032	130,000	43,260.00	173,260.00			173,260.00
11/30/2033	175,000	39,100.00	214,100.00			214,100.00
11/30/2034	180,000	33,412.50	213,412.50			213,412.50
11/30/2035	185,000	27,382.50	212,382.50			212,382.50
11/30/2036	195,000	21,000.00	216,000.00			216,000.00
11/30/2037	200,000	14,175.00	214,175.00			214,175.00
11/30/2038	205,000	7,175.00	212,175.00		165,796.97	46,378.03
	3,070,000	1,564,672.67	4,634,672.67	100,741.42	165,796.97	4,368,134.28

NET DEBT SERVICE

TRA-Mountain Creek Regional Wastewater System
MCRWS 2008 IUP $3,070,000 (Wrap)
Delphis Scale 96A less 95 bps
Scale as of 9/12/2011
FINAL

Date	Principal	Interest	Total Debt Service	Capitalized Interest Fund (through 2/1/2013)	Debt Service Reserve Fund	Net Debt Service
02/01/2012		21,033.92	21,033.92	21,033.92		
08/01/2012		39,853.75	39,853.75	39,853.75		
02/01/2013		39,853.75	39,853.75	39,853.75		
08/01/2013		39,853.75	39,853.75			39,853.75
02/01/2014		39,853.75	39,853.75			39,853.75
08/01/2014	85,000	39,853.75	124,853.75			124,853.75
02/01/2015		39,853.75	39,853.75			39,853.75
08/01/2015	85,000	39,853.75	124,853.75			124,853.75
02/01/2016		39,747.50	39,747.50			39,747.50
08/01/2016	85,000	39,747.50	124,747.50			124,747.50
02/01/2017		39,535.00	39,535.00			39,535.00
08/01/2017	85,000	39,535.00	124,535.00			124,535.00
02/01/2018		39,195.00	39,195.00			39,195.00
08/01/2018	85,000	39,195.00	124,195.00			124,195.00
02/01/2019		38,706.25	38,706.25			38,706.25
08/01/2019	90,000	38,706.25	128,706.25			128,706.25
02/01/2020		38,076.25	38,076.25			38,076.25
08/01/2020	90,000	38,076.25	128,076.25			128,076.25
02/01/2021		37,333.75	37,333.75			37,333.75
08/01/2021	95,000	37,333.75	132,333.75			132,333.75
02/01/2022		36,455.00	36,455.00			36,455.00
08/01/2022	95,000	36,455.00	131,455.00			131,455.00
02/01/2023		35,481.25	35,481.25			35,481.25
08/01/2023	100,000	35,481.25	135,481.25			135,481.25
02/01/2024		34,356.25	34,356.25			34,356.25
08/01/2024	100,000	34,356.25	134,356.25			134,356.25
02/01/2025		33,156.25	33,156.25			33,156.25
08/01/2025	105,000	33,156.25	138,156.25			138,156.25
02/01/2026		31,817.50	31,817.50			31,817.50
08/01/2026	105,000	31,817.50	136,817.50			136,817.50
02/01/2027		30,426.25	30,426.25			30,426.25
08/01/2027	110,000	30,426.25	140,426.25			140,426.25
02/01/2028		28,913.75	28,913.75			28,913.75
08/01/2028	115,000	28,913.75	143,913.75			143,913.75
02/01/2029		27,275.00	27,275.00			27,275.00
08/01/2029	120,000	27,275.00	147,275.00			147,275.00
02/01/2030		25,505.00	25,505.00			25,505.00
08/01/2030	125,000	25,505.00	150,505.00			150,505.00
02/01/2031		23,598.75	23,598.75			23,598.75
08/01/2031	125,000	23,598.75	148,598.75			148,598.75
02/01/2032		21,630.00	21,630.00			21,630.00
08/01/2032	130,000	21,630.00	151,630.00			151,630.00
02/01/2033		19,550.00	19,550.00			19,550.00
08/01/2033	175,000	19,550.00	194,550.00			194,550.00
02/01/2034		16,706.25	16,706.25			16,706.25
08/01/2034	180,000	16,706.25	196,706.25			196,706.25
02/01/2035		13,691.25	13,691.25			13,691.25
08/01/2035	185,000	13,691.25	198,691.25			198,691.25

NET DEBT SERVICE

TRA-Mountain Creek Regional Wastewater System
MCRWS 2008 IUP $3,070,000 (Wrap)
Delphis Scale 96A less 95 bps
Scale as of 9/12/2011
****FINAL****

Date	Principal	Interest	Total Debt Service	Capitalized Interest Fund (through 2/1/2013)	Debt Service Reserve Fund	Net Debt Service
02/01/2036		10,500.00	10,500.00			10,500.00
08/01/2036	195,000	10,500.00	205,500.00			205,500.00
02/01/2037		7,087.50	7,087.50			7,087.50
08/01/2037	200,000	7,087.50	207,087.50			207,087.50
02/01/2038		3,587.50	3,587.50			3,587.50
08/01/2038	205,000	3,587.50	208,587.50		165,796.97	42,790.53
	3,070,000	1,564,672.67	4,634,672.67	100,741.42	165,796.97	4,368,134.28

COST OF ISSUANCE

TRA-Mountain Creek Regional Wastewater System
MCRWS 2008 IUP $3,070,000 (Wrap)
Delphis Scale 96A less 95 bps
Scale as of 9/12/2011
FINAL

Cost of Issuance	$/1000	Amount
Financial Advisory Fee	4.49796	13,808.73
Financial Advisory Expenses	0.07807	239.69
Bond Counsel	6.13141	18,823.43
Bond Counsel Expenses	0.13618	418.07
Attorney General	0.86246	2,647.75
S&P	1.14390	3,511.76
Paying Agent	0.40853	1,254.20
Escrow Agent Fee	0.04539	139.36
TRA Administrative Fee	9.04074	27,755.06
Cusips	0.05901	181.16
Miscellaneous	0.11110	341.08
	22.51475	69,120.29

BOND SUMMARY STATISTICS

TRA-Mountain Creek Regional Wastewater System
MCRWS - 2009 IUP $7,945,000 (Wrap)
Delphis Scale 96A less 95 bps
Scale as of 9/12/2011
FINAL

Dated Date	10/26/2011
Delivery Date	10/26/2011
First Coupon	02/01/2012
Last Maturity	08/01/2038
Arbitrage Yield	2.959419%
True Interest Cost (TIC)	2.960837%
Net Interest Cost (NIC)	3.014509%
All-In TIC	3.282305%
Average Coupon	3.014509%
Average Life (years)	16.999
Duration of Issue (years)	13.213
Par Amount	7,945,000.00
Bond Proceeds	7,945,000.00
Total Interest	4,071,368.51
Net Interest	4,071,368.51
Bond Years from Dated Date	135,059,097.22
Bond Years from Delivery Date	135,059,097.22
Total Debt Service	12,016,368.51
Maximum Annual Debt Service	574,425.00
Average Annual Debt Service	448,976.92
Underwriter's Fees (per $1000)	
Average Takedown	
Other Fee	
Total Underwriter's Discount	
Bid Price	100.000000

	TIC	All-In TIC	Arbitrage Yield
Par Value	7,945,000.00	7,945,000.00	7,945,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount			
- Cost of Issuance Expense		-178,879.71	
- Other Amounts		-144,313.00	
Target Value	7,945,000.00	7,621,807.29	7,945,000.00
Target Date	10/26/2011	10/26/2011	10/26/2011
Yield	2.960837%	3.282305%	2.959419%

BOND PRICING

TRA-Mountain Creek Regional Wastewater System
MCRWS - 2009 IUP $7,945,000 (Wrap)
Delphis Scale 96A less 95 bps
Scale as of 9/12/2011
****FINAL****

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Serial Bond:					
	08/01/2014	215,000			100.000
	08/01/2015	220,000	0.250%	0.250%	100.000
	08/01/2016	215,000	0.500%	0.500%	100.000
	08/01/2017	220,000	0.800%	0.800%	100.000
	08/01/2018	225,000	1.150%	1.150%	100.000
	08/01/2019	225,000	1.400%	1.400%	100.000
	08/01/2020	235,000	1.650%	1.650%	100.000
	08/01/2021	240,000	1.850%	1.850%	100.000
	08/01/2022	245,000	2.050%	2.050%	100.000
	08/01/2023	250,000	2.250%	2.250%	100.000
	08/01/2024	260,000	2.400%	2.400%	100.000
	08/01/2025	270,000	2.550%	2.550%	100.000
	08/01/2026	280,000	2.650%	2.650%	100.000
	08/01/2027	285,000	2.750%	2.750%	100.000
	08/01/2028	290,000	2.850%	2.850%	100.000
	08/01/2029	305,000	2.950%	2.950%	100.000
	08/01/2030	315,000	3.050%	3.050%	100.000
	08/01/2031	330,000	3.150%	3.150%	100.000
	08/01/2032	345,000	3.200%	3.200%	100.000
	08/01/2033	445,000	3.250%	3.250%	100.000
	08/01/2034	465,000	3.350%	3.350%	100.000
	08/01/2035	485,000	3.450%	3.450%	100.000
	08/01/2036	500,000	3.500%	3.500%	100.000
	08/01/2037	525,000	3.500%	3.500%	100.000
	08/01/2038	555,000	3.500%	3.500%	100.000
		7,945,000			

Dated Date	10/26/2011	
Delivery Date	10/26/2011	
First Coupon	02/01/2012	
Par Amount	7,945,000.00	
Original Issue Discount		
Production	7,945,000.00	100.000000%
Underwriter's Discount		
Purchase Price	7,945,000.00	100.000000%
Accrued Interest		
Net Proceeds	7,945,000.00	

NET DEBT SERVICE

TRA-Mountain Creek Regional Wastewater System
MCRWS - 2009 IUP $7,945,000 (Wrap)
Delphis Scale 96A less 95 bps
Scale as of 9/12/2011
****FINAL****

Period Ending	Principal	Interest	Total Debt Service	Capitalized Interest Fund (through 2/1/2013)	Debt Service Reserve Fund	Net Debt Service
11/30/2012		158,008.51	158,008.51	158,008.51		
11/30/2013		206,847.50	206,847.50	103,423.75		103,423.75
11/30/2014	215,000	206,847.50	421,847.50			421,847.50
11/30/2015	220,000	206,847.50	426,847.50			426,847.50
11/30/2016	215,000	206,297.50	421,297.50			421,297.50
11/30/2017	220,000	205,222.50	425,222.50			425,222.50
11/30/2018	225,000	203,462.50	428,462.50			428,462.50
11/30/2019	225,000	200,875.00	425,875.00			425,875.00
11/30/2020	235,000	197,725.00	432,725.00			432,725.00
11/30/2021	240,000	193,847.50	433,847.50			433,847.50
11/30/2022	245,000	189,407.50	434,407.50			434,407.50
11/30/2023	250,000	184,385.00	434,385.00			434,385.00
11/30/2024	260,000	178,760.00	438,760.00			438,760.00
11/30/2025	270,000	172,520.00	442,520.00			442,520.00
11/30/2026	280,000	165,635.00	445,635.00			445,635.00
11/30/2027	285,000	158,215.00	443,215.00			443,215.00
11/30/2028	290,000	150,377.50	440,377.50			440,377.50
11/30/2029	305,000	142,112.50	447,112.50			447,112.50
11/30/2030	315,000	133,115.00	448,115.00			448,115.00
11/30/2031	330,000	123,507.50	453,507.50			453,507.50
11/30/2032	345,000	113,112.50	458,112.50			458,112.50
11/30/2033	445,000	102,072.50	547,072.50			547,072.50
11/30/2034	465,000	87,610.00	552,610.00			552,610.00
11/30/2035	485,000	72,032.50	557,032.50			557,032.50
11/30/2036	500,000	55,300.00	555,300.00			555,300.00
11/30/2037	525,000	37,800.00	562,800.00			562,800.00
11/30/2038	555,000	19,425.00	574,425.00		429,073.93	145,351.07
	7,945,000	4,071,368.51	12,016,368.51	261,432.26	429,073.93	11,325,862.32

NET DEBT SERVICE

TRA-Mountain Creek Regional Wastewater System
MCRWS - 2009 IUP $7,945,000 (Wrap)
Delphis Scale 96A less 95 bps
Scale as of 9/12/2011
****FINAL****

Date	Principal	Interest	Total Debt Service	Capitalized Interest Fund (through 2/1/2013)	Debt Service Reserve Fund	Net Debt Service
02/01/2012		54,584.76	54,584.76	54,584.76		
08/01/2012		103,423.75	103,423.75	103,423.75		
02/01/2013		103,423.75	103,423.75	103,423.75		
08/01/2013		103,423.75	103,423.75			103,423.75
02/01/2014		103,423.75	103,423.75			103,423.75
08/01/2014	215,000	103,423.75	318,423.75			318,423.75
02/01/2015		103,423.75	103,423.75			103,423.75
08/01/2015	220,000	103,423.75	323,423.75			323,423.75
02/01/2016		103,148.75	103,148.75			103,148.75
08/01/2016	215,000	103,148.75	318,148.75			318,148.75
02/01/2017		102,611.25	102,611.25			102,611.25
08/01/2017	220,000	102,611.25	322,611.25			322,611.25
02/01/2018		101,731.25	101,731.25			101,731.25
08/01/2018	225,000	101,731.25	326,731.25			326,731.25
02/01/2019		100,437.50	100,437.50			100,437.50
08/01/2019	225,000	100,437.50	325,437.50			325,437.50
02/01/2020		98,862.50	98,862.50			98,862.50
08/01/2020	235,000	98,862.50	333,862.50			333,862.50
02/01/2021		96,923.75	96,923.75			96,923.75
08/01/2021	240,000	96,923.75	336,923.75			336,923.75
02/01/2022		94,703.75	94,703.75			94,703.75
08/01/2022	245,000	94,703.75	339,703.75			339,703.75
02/01/2023		92,192.50	92,192.50			92,192.50
08/01/2023	250,000	92,192.50	342,192.50			342,192.50
02/01/2024		89,380.00	89,380.00			89,380.00
08/01/2024	260,000	89,380.00	349,380.00			349,380.00
02/01/2025		86,260.00	86,260.00			86,260.00
08/01/2025	270,000	86,260.00	356,260.00			356,260.00
02/01/2026		82,817.50	82,817.50			82,817.50
08/01/2026	280,000	82,817.50	362,817.50			362,817.50
02/01/2027		79,107.50	79,107.50			79,107.50
08/01/2027	285,000	79,107.50	364,107.50			364,107.50
02/01/2028		75,188.75	75,188.75			75,188.75
08/01/2028	290,000	75,188.75	365,188.75			365,188.75
02/01/2029		71,056.25	71,056.25			71,056.25
08/01/2029	305,000	71,056.25	376,056.25			376,056.25
02/01/2030		66,557.50	66,557.50			66,557.50
08/01/2030	315,000	66,557.50	381,557.50			381,557.50
02/01/2031		61,753.75	61,753.75			61,753.75
08/01/2031	330,000	61,753.75	391,753.75			391,753.75
02/01/2032		56,556.25	56,556.25			56,556.25
08/01/2032	345,000	56,556.25	401,556.25			401,556.25
02/01/2033		51,036.25	51,036.25			51,036.25
08/01/2033	445,000	51,036.25	496,036.25			496,036.25
02/01/2034		43,805.00	43,805.00			43,805.00
08/01/2034	465,000	43,805.00	508,805.00			508,805.00
02/01/2035		36,016.25	36,016.25			36,016.25
08/01/2035	485,000	36,016.25	521,016.25			521,016.25

NET DEBT SERVICE

TRA-Mountain Creek Regional Wastewater System
MCRWS - 2009 IUP $7,945,000 (Wrap)
Delphis Scale 96A less 95 bps
Scale as of 9/12/2011
****FINAL****

Date	Principal	Interest	Total Debt Service	Capitalized Interest Fund (through 2/1/2013)	Debt Service Reserve Fund	Net Debt Service
02/01/2036		27,650.00	27,650.00			27,650.00
08/01/2036	500,000	27,650.00	527,650.00			527,650.00
02/01/2037		18,900.00	18,900.00			18,900.00
08/01/2037	525,000	18,900.00	543,900.00			543,900.00
02/01/2038		9,712.50	9,712.50			9,712.50
08/01/2038	555,000	9,712.50	564,712.50		429,073.93	135,638.57
	7,945,000	4,071,368.51	12,016,368.51	261,432.26	429,073.93	11,325,862.32

COST OF ISSUANCE

TRA-Mountain Creek Regional Wastewater System
MCRWS - 2009 IUP $7,945,000 (Wrap)
Delphis Scale 96A less 95 bps
Scale as of 9/12/2011
****FINAL****

Cost of Issuance	$/1000	Amount
Financial Advisory Fee	4.49796	35,736.27
Financial Advisory Expenses	0.07808	620.31
Bond Counsel	6.13141	48,714.07
Bond Counsel Expenses	0.13618	1,081.93
Attorney General	0.86246	6,852.25
S&P	1.14389	9,088.24
Paying Agent	0.40853	3,245.80
Escrow Agent Fee	0.04539	360.64
TRA Administrative Fee	9.04074	71,828.66
Cusips	0.05901	468.84
Miscellaneous	0.11110	882.70
	22.51475	178,879.71

Exhibit "D"

CERTIFICATE OF ELECTION PURSUANT TO SECTION 148(f)(4)(C)
OF THE INTERNAL REVENUE CODE OF 1986

I, the undersigned, being the duly authorized representative of the Trinity River Authority of Texas (the "Issuer") hereby state that the Issuer elects the provisions of section 148(f)(4)(C) of the Internal Revenue Code of 1986 (the "Code"), relating to the exception to arbitrage rebate for temporary investments, as more specifically designated below, with respect to the Issuer's Mountain Creek Regional Wastewater System Revenue Bonds, Series 2011 (the "Bonds") which are being issued on the date of delivery of the Bonds. The CUSIP Number for the Bonds is stated on the Form 8038-G filed in connection with the Bonds. The Issuer intends to take action to comply with the two-year temporary investments exception to rebate afforded construction certificates under section 148(f)(4)(C) of the Code. Capitalized terms have the same meaning as defined in the Federal Tax Certificate.

☐ 1. PENALTY ELECTION. In the event that the Issuer should fail to expend the "available construction proceeds" of the Bonds in accordance with the provisions of section 148(f)(4)(C) of the Code, the Issuer elects, in lieu of rebate, the penalty provisions of section 148(f)(4)(C)(vii)(I) of the Code.

☐ 2. RESERVE FUND ELECTION. The Issuer elects to exclude from "available construction proceeds," within the meaning of section 148(f)(4)(C)(vi) of the Code, of the Bonds, earnings on the Reserve Fund in accordance with section 148(f)(4)(C)(vi)(IV) of the Code.

☐ 3. MULTIPURPOSE ELECTION. The Issuer elects to treat that portion of the Bonds the proceeds of which are to be used for the payment of expenditures for construction, reconstruction or rehabilitation of the Projects, as defined in the instrument authorizing the issuance of the Bonds, in an amount which is currently expected to be equal to $_____ as a separate issue in accordance with the provisions of section 148(f)(4)(C)(v)(II) of the Code. ***(Note: This election is not necessary unless less than 75 percent of the proceeds of the Bonds will be used for construction, reconstruction or renovation.)***

☐ 4. ACTUAL FACTS. For purposes of determining compliance with section 148(f)(c) of the Code (other than qualification of the Bonds as a qualified construction issue), the Issuer elects to use actual facts rather than reasonable expectations.

☒ 5. NO ELECTION. The Issuer understands that the elections which are adopted as evidenced by the check in the box adjacent to the applicable provision are ***irrevocable***. Further, the Issuer understands that qualification of the Bonds for eligibility for the exclusion from the rebate requirement set forth in section 148(f) of the Code is based on subsequent events and is unaffected by the Issuer's expectations of such events as of the date of delivery of the Bonds. ***Accordingly, while failure to execute this certificate and to designate the intended election does not preclude qualification, it would preclude the Issuer from the relief afforded by such election.***

DATED:

J. Kevin Ward
General Manager
Trinity River Authority of Texas
5300 S. Collins
Arlington, Texas 76018
Employer I.D. Number: 75-6005084

TAB 14

CLOSING CERTIFICATE

THE STATE OF TEXAS :
TRINITY RIVER AUTHORITY OF TEXAS :

I, the undersigned Manager, Financial Services of said Authority, hereby certify as follows:

1. That this certificate is executed for and on behalf of said Authority with reference to the issuance and delivery of the TRINITY RIVER AUTHORITY OF TEXAS MOUNTAIN CREEK REGIONAL WASTEWATER SYSTEM REVENUE BONDS, SERIES 2011, DATED 11,015,000, 2011, authorized by a resolution adopted by the Board of Directors of the Issuer on June 22, 2011 (the "Bonds").

2. That, to my best knowledge and belief:

(a) the descriptions and statements of or pertaining to the Authority contained in its Application to the Texas Water Development Board and any addenda, supplement or amendment thereto, for the Bonds, on the date of such Application, on the date of sale of said Bonds, and on the date of the delivery, were and are true and correct in all material respects;

(b) insofar as the Authority and its affairs, including its financial affairs, are concerned, such Application did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(c) insofar as the descriptions and statements, including financial data, of or pertaining to entities other than the Authority and their activities contained in such Application are concerned, such statements and data have been obtained from sources which the Authority believes to be reliable and that the Authority has no reason to believe that they are untrue in any material respect.

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

SIGNED this OCT 26 2011.

TRINITY RIVER AUTHORITY OF TEXAS

Robert E. Moore

Manager, Financial Services

TAB 15

STANDARD
&POOR'S

Global Credit Portal
RatingsDirect

September 30, 2011

Summary:

Trinity River Authority, Texas; Water/Sewer

Primary Credit Analyst:
Theodore Chapman, Dallas (1) 214-871-1401; theodore_chapman@standardandpoors.com

Secondary Contact:
Scott Sagen, Dallas (214)765-5867; scott_sagen@standardandpoors.com

Table Of Contents

Rationale

Outlook

Related Criteria And Research

Summary:

Trinity River Authority, Texas; Water/Sewer

Credit Profile		
US$11.015 mil reg| wastewtr sys (Mountain Creek) ser 2011 dtd 10/26/2011 due 08/01/2038		
Long Term Rating	AAA/Stable	New
Trinity River Auth (Mountain Creek) WS		
Long Term Rating	AAA/Stable	Upgraded

Rationale

Standard & Poor's Ratings Services it raised to 'AAA' from 'AA+' the rating on Trinity River Authority (TRA or the authority), Texas' Mountain Creek regional wastewater system parity debt. The outlook is stable. We also assigned a 'AAA' rating and stable outlook to the authority's Mountain Creek system series 2011A state revolving fund loan.

The upgrade reflects the improved credit quality of the system's customer cities, specifically Grand Prairie, which we view as the strong link in this system despite its position as the smallest participant. The upgrade affects about $1.8 million in outstanding parity revenue bonds.

The 'AAA' rating also reflects our opinion of the system's participant cities' general creditworthiness, which includes:

- Margins that are able to generate appropriate coverage of all on-balance-sheet and off-balance-sheet obligations, including those to the authority;
- Strong liquidity; and
- Moderate retail service rates, coupled with a demonstrated willingness to adjust rates, as necessary to ensure payment to TRA.

Officials will use bond proceeds to fund improvements at the system's 3-million-gallon-per-day treatment plant in Midlothian. A first-lien pledge on net revenues derived from payments by contract participants to the authority secures the bonds. A debt service reserve fund in the amount of the average annual debt service requirement provides additional liquidity.

Payments are based on the participants' sewer flows as a percentage of total flows to the plant, although Grand Prairie also has a contractual minimum annual obligation. The contracts require unconditional payment by the participants to TRA. While there is no explicit language requiring a reallocation of expenses should a participant fail to pay, the authority can recalculate participant obligations at any time under a broad range of circumstances, effectively providing a step-up provision.

The authority collects wastewater from all, or portions of the cities of Midlothian, Venus, and Grand Prairie. Each municipality's payment is an operating expense of its respective water and sewer system with long-term contracts that are in force for at least the life of the bonds. Other than a participant municipality building its own facilities, however, which is both cost- and physical space-prohibitive, no realistic alternative treatment option exists.

The three cities' budgeted fiscal 2012 flows are:

- Midlothian (76.4% of total revenues);
- Venus (20.7%); and
- Grand Prairie, (3%); Grand Prairie's obligation is a contractual minimum payment, whereas the other cities' are based on projected flows.

All three cities are located in the south-central portion of the Dallas-Fort Worth metropolitan area. Grand Prairie is the largest city, serving about 62,000 metered accounts. Although the city is relatively mature and buil-out, it is seeing pockets of additional -- and mainly higher-end -- housing growth, including a 1,000-acre peninsula on Joe Pool Lake. Also, due to the construction of frontage roads along the interstate highways and the extension of a toll road through the city, commercial and retail activity is expected to bolster the city for some time. Median household effective buying income is 102% of the U.S. level.

Operationally, nearly all of the city's treated water comes by way of a contract through 2012 with Dallas; a contract with Fort Worth provides most of the remainder, and city-owned wells provide peak demand and emergency backup. Grand Prairie management expects to renew the 30-year agreement before its expiration. The city sends all of its wastewater flows to TRA. Both wholesale contracts have take-or-pay contractual minimum capacity payments. Despite that and a portion of the city's general obligation debt that is self-supported by the utility, total fixed-charge coverage is a very strong 1.5x. Annual revenue bond debt service coverage is generally 3x or better.

TRA maintains separate and discrete accounting for each of the systems it manages and operates on behalf of various participants, including the central regional wastewater fund for this system; neither revenues nor cash on hand are co-mingled. The authority presents a proposed budget to the participants annually that includes the projected obligations of each. By practice, the authority reviews budget-to-actual performance midyear and at year-end. Any over- or under-collection is trued up at the end of the year, again by practice, although the authority's board retains the right to adjust rates whenever it deems necessary, for any cause. Because of this implied step-up provision and rates that are contractually set to cost of service, we look past the financial performance for this system, given that debt service coverage is not likely to ever be meaningfully above 1x, and instead look to the general creditworthiness of the strongest participants.

For fiscal 2012, the budgeted cost to contracting parties is $1.51 per 1,000 gallons, about a 4.3% increase from fiscal 2011; additional modest rate adjustments are likely for the foreseeable future. The unit cost is net of separate payments made by the city of Venus; Venus in 2009 bought into the existing system, and the payments represent capital costs fronted by Grand Prairie and Midlothian since the TRA plant was constructed in 2005.

Outlook

The stable outlook reflects the expectation that participant cities will continue to provide revenues that generate adequate debt service coverage and that officials will adjust wholesale rates as necessary to support capital improvements. Given management's ability to true-up with its contracted participants, we don't see any downward pressure on the rating in our two-year horizon despite the expectation of significant additional debt.

Related Criteria And Research

- USPF Criteria: Standard & Poor's Revises Criteria For Rating Water, Sewer, And Drainage Utility Revenue Bonds, Sept. 15, 2008

- State And Local Government Ratings Are Not Directly Constrained By That Of The U.S. Sovereign, Aug. 8, 2011

Complete ratings information is available to subscribers of RatingsDirect on the Global Credit Portal at www.globalcreditportal.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com. Use the Ratings search box located in the left column.

Copyright © 2011 by Standard & Poors Financial Services LLC (S&P), a subsidiary of The McGraw-Hill Companies, Inc. All rights reserved.

No content (including ratings, credit-related analyses and data, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of S&P. The Content shall not be used for any unlawful or unauthorized purposes. S&P, its affiliates, and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions, regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold, or sell any securities or to make any investment decisions. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P's opinions and analyses do not address the suitability of any security. S&P does not act as a fiduciary or an investment advisor. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain credit-related analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.standardandpoors.com (free of charge), and www.ratingsdirect.com and www.globalcreditportal.com (subscription), and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.standardandpoors.com/usratingsfees.

TAB 16

PAYING AGENT/REGISTRAR AGREEMENT

THIS AGREEMENT entered into as of October 15, 2011 (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 Mountain Creek Regional Wastewater System Revenue Bonds, Series 2011 (the "Securities"), such Securities to be issued in fully registered form only as to the payment of principal and interest thereon; and

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

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

NOW, THEREFORE, it is mutually agreed as follows:

ARTICLE ONE

APPOINTMENT OF BANK AS PAYING AGENT AND REGISTRAR

Section 1.01. Appointment.

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

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

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

Section 1.02. Compensation.

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.

"Financial Advisor" means First Southwest Company.

"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 Associate

2001 Bryan Street, 8th Floor, Dallas, Texas 75201

TRINITY RIVER AUTHORITY OF TEXAS

By Robert E. Moore
Manager, Financial Services

5300 S. Collins, Arlington, Texas 76018

SCHEDULE A

Paying Agent/Registrar Fee Schedule
[To be supplied by the Bank]

BNY MELLON
CORPORATE TRUST

Fee Schedule

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

Acceptance Fee	None

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.

Annual Paying Agent Administration Fee	$500

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.
the Issuer at cost.

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 BNY Mellon'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, transaction fees to settle third-party trades and reconcilement 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. FDIC or other governmental charges will be passed along to you as incurred.

BNY MELLON
CORPORATE TRUST

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 17

EXHIBIT A

Costs of Issuance

		2008 IUP		2009 IUP		Total
Financial Advisory Fee	$	13,808.73	$	35,736.27	$	49,545.00
Financial Advisory Expenses	$	183.55	$	475.01	$	658.56
Bond Counsel	$	18,823.43	$	48,714.07	$	67,537.50
Bond Counsel Expenses	$	532.20	$	1,377.30	$	1,909.50
Attorney General	$	2,647.75	$	6,852.25	$	9,500.00
S&P	$	3,511.76	$	9,088.24	$	12,600.00
Paying Agent	$	1,254.20	$	3,245.80	$	4,500.00
Escrow Agent Fee	$	209.03	$	540.97	$	750.00
TRA Administrative Fee	$	27,927.66	$	72,275.34	$	100,203.00
Cusips	$	172.24	$	445.76	$	618.00
Miscellaneous	$	49.73	$	128.71	$	178.44
Total	**$**	**69,120.28**	**$**	**178,879.72**	**$**	**248,000.00**

TAB 18

EFK

ATTORNEY GENERAL OF TEXAS

GREG ABBOTT

October 19, 2011

THIS IS TO CERTIFY that the Trinity River Authority of Texas (the "Issuer") has submitted to me Trinity River Authority of Texas Mountain Creek Regional Wastewater System Revenue Bonds, Series 2011 (the "Bonds"), in the aggregate principal amount of $11,015,000, for approval. The Bonds are dated October 15, 2011, numbered R-1 through R-25, and were authorized by Resolution No. R-1327 of the Issuer passed on June 22, 2011 (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.

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. 52680
Book No. 2011-D
JCH

OFFICE OF COMPTROLLER

OF THE STATE OF TEXAS

I, Melissa Mora, [ ] Bond Clerk [X] 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 19th day of October 2011, I signed the name of the Comptroller to the certificate of registration endorsed upon the:

Trinity River Authority of Texas Mountain Creek Regional Wastewater System Revenue Bonds, Series 2011 and certain related documents, (the "Proceedings"),

the bonds are numbered R-1/R-25, dated October 15, 2011, and that in signing the certificate of registration I used the following signature:

Susan Combs

IN WITNESS WHEREOF I have executed this certificate this the 19th day of October 2011.

Melissa Mora

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 79127.

GIVEN under my hand and seal of office at Austin, Texas, this the 19th day of October 2011.

Susan Combs

SUSAN COMBS
Comptroller of Public Accounts
of the State of Texas

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 Mountain Creek Regional Wastewater System Revenue Bonds, Series 2011 and certain related documents, (the "Proceedings")

the bonds are numbered R-1/R-25, of the denomination of $ various, dated October 15, 2011, 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 19th day of October 2011, under Registration Number 79127.

Given under my hand and seal of office, at Austin, Texas, the 19th day of October 2011.

SUSAN COMBS
Comptroller of Public Accounts
of the State of Texas

TAB 19

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

September 19, 2011

Board of Directors
Trinity River Authority of Texas
P. O. Box 60
Arlington, Texas 76010

TRINITY RIVER AUTHORITY OF TEXAS MOUNTAIN CREEK REGIONAL WASTEWATER SYSTEM REVENUE BONDS, SERIES 2011

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-1327 captioned "RESOLUTION AUTHORIZING AND PROVIDING FOR THE ISSUANCE, SALE, AND DELIVERY OF TRINITY RIVER AUTHORITY OF TEXAS MOUNTAIN CREEK REGIONAL WASTEWATER SYSTEM REVENUE BONDS, AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO," adopted by the Board of Directors of the Issuer on June 22, 2011 (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 are obligated to make payments to the Issuer during each fiscal year (including during periods when services of the System may not be available to such Contracting Parties and others) in such amounts as shall be necessary to provide to the Issuer Pledged Revenues sufficient to pay when due all principal of and interest on all Bonds, Parity Bonds and Additional Bonds to be outstanding after the issuance of the captioned Additional Bonds, and to make the deposits into the Reserve Fund as required under the Resolution.

Respectfully,

D. Charles Kolb

TAB 20

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

OCT 26 2011

TRINITY RIVER AUTHORITY OF TEXAS MOUNTAIN CREEK REGIONAL WASTEWATER SYSTEM REVENUE BONDS, SERIES 2011, DATED OCTOBER 15, 2011, IN THE PRINCIPAL AMOUNT OF $11,015,000

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 mature in principal amounts and 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, 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, including the Certificate of General Manager authorized thereby (collectively, the "Bond Resolution").

WE HAVE EXAMINED the Constitution and laws of the State of Texas, certified copies of the proceedings of the Issuer and other documents authorizing and relating to the issuance of said Bonds, including one of the executed Bonds (Bond Number 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 obligations of the Issuer, and the Bonds constitute valid and legally binding special obligations of the Issuer which, together with other outstanding bonds, are secured by and payable from a first lien on and pledge of the "Pledged Revenues", as defined in the Bond Resolution, and include payments and amounts received by the Issuer pursuant to the Trinity River Authority of Texas - Mountain Creek Regional Wastewater System Contract (Cities of Grand Prairie and Midlothian, Texas)(the "Initial Contract"), dated as of March 1, 2002, among the Issuer and the Cities of Grand Prairie and Midlothian, Texas (the "Initial Contracting Parties") and the Trinity River Authority of Texas - Mountain Creek Regional Wastewater System Contract (City of Venus, Texas)(collectively with the Initial Contract, the "Contracts"), dated as of December 1, 2009, between the Issuer and the City of Venus, Texas (collectively with the Initial Contracting Parties, the "Contracting Parties") 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 in principal amount of the outstanding Bonds, 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 by taxation, or from any source whatsoever other than specified in the Bond Resolution.

IT IS FURTHER OUR OPINION, except as discussed below, that the interest on the Bonds is excludable from the gross income of the owners for federal income tax purposes under the statutes, regulations, published rulings, and court decisions existing on the date of this opinion. We are further of the opinion that the Bonds are not "specified private activity bonds" and that, accordingly, interest on the Bonds will not be included as an individual or corporate alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). In expressing the aforementioned opinions, we have relied on certain representations, the accuracy of which we have not independently verified, and assume compliance with certain covenants, regarding the use and investment of the proceeds of the 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 a 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.

WE CALL YOUR ATTENTION TO THE FACT that the interest on tax-exempt obligations, such as the Bonds, is (a) included in a corporation's alternative minimum taxable income for purposes of determining the alternative minimum tax imposed on corporations by section 55 of the Code.

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 Contracts, 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,

McCall, Parkhurst & Horton L.L.P.

TAB 21

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

January 4, 2012

CERTIFIED MAIL RRR: **7011 1570 0002 2440 5946**

Internal Revenue Service Center
Ogden, Utah 84201

Re: Information Reporting - Tax-Exempt Bonds
Trinity River Authority of Texas
Mountain Creek Regional Wastewater System Revenue Bonds, Series 2011

Ladies and Gentlemen:

Pursuant to the requirements of Section 149(e) of the Internal Revenue Code of 1986, enclosed please find an original of Form 8038-G which is hereby submitted to you for the above-captioned bonds issued October 26, 2011.

Sincerely,

McCALL, PARKHURST & HORTON L.L.P.

Stefano Taverna

HTF: ved
Enclosures
cc: Mr. G. Charles Kobdish

Form **8038-G**
(Rev. September 2011)
Department of the Treasury
Internal Revenue Service

Information Return for Tax-Exempt Governmental Obligations

▶ Under Internal Revenue Code section 149(e)
▶ See separate instructions.
Caution: *If the issue price is under $100,000, use Form 8038-GC.*

OMB No. 1545-0720

Part I Reporting Authority — If **Amended Return**, check here ▶ ☐

1 Issuer's name TRINITY RIVER AUTHORITY OF TEXAS	2 Issuer's employer identification number (EIN) 75-6005084
3a Name of person (other than issuer) with whom the IRS may communicate about this return (see instructions) NONE	3b Telephone number of other person shown on 3a N/A
4 Number and street (or P.O. box if mail is not delivered to street address) / Room/suite 5300 S. COLLINS	5 Report number (*For IRS Use Only*) 3
6 City, town, or post office, state, and ZIP code ARLINGTON, TEXAS 76018	7 Date of issue 10/26/2011
8 Name of issue MOUNTAIN CREEK REGIONAL WASTEWATER SYSTEM REVENUE BONDS, SERIES 2011	9 CUSIP number 896572 BW3
10a Name and title of officer or other employee of the issuer whom the IRS may call for more information (see instructions) J. KEVIN WARD, GENERAL MANAGER	10b Telephone number of officer or other employee shown on 10a (817) 467-4343

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

11	Education	11	
12	Health and hospital	12	
13	Transportation	13	
14	Public safety	14	
15	Environment (including sewage bonds)	15	
16	Housing	16	
17	Utilities	17	10,814,924
18	Other. Describe ▶	18	
19	If obligations are TANs or RANs, check only box 19a ▶ ☐		
	If obligations are BANs, check only box 19b ▶ ☐		
20	If obligations are in the form of a lease or installment sale, check box ▶ ☐		

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

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	* (e) Yield
21	08/01/2038	$ 10,814,924	$ 11,015,000	16.98 years	VR %

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

22	Proceeds used for accrued interest			22	-0-
23	Issue price of entire issue (enter amount from line 21, column (b))			23	10,814,924
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	248,000		
25	Proceeds used for credit enhancement	25	-0-		
26	Proceeds allocated to reasonably required reserve or replacement fund	26	573,576		
27	Proceeds used to currently refund prior issues	27	-0-		
28	Proceeds used to advance refund prior issues	28	-0-		
29	Total (add lines 24 through 28)			29	821,576
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)			30	9,993,348

Part V Description of Refunded Bonds. Complete this part only for refunding bonds. **NOT APPLICABLE**

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 (MM/DD/YYYY) ▶	
34	Enter the date(s) the refunded bonds were issued ▶ (MM/DD/YYYY)	

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 63773S Form **8038-G** (Rev. 9-2011)

*** Note Line 21(e) - portion of issue from proceeds of TWDB bonds equals $200,000 yield on pool bond issue is VR**

Part VI Miscellaneous

35	Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35	-0-
36a	Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC) (see instructions)	36a	-0-
b	Enter the final maturity date of the GIC ▶		
c	Enter the name of the GIC provider ▶		
37	Pooled financings: Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units	37	-0-

38a If this issue is a loan made from the proceeds of another tax-exempt issue, check box ▶ ☑ and enter the following information:

b Enter the date of the master pool obligation ▶ 05/01/2007

c Enter the EIN of the issuer of the master pool obligation ▶ 74-2378168

d Enter the name of the issuer of the master pool obligation ▶ TEXAS WATER DEVELOPMENT BOARD

39 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box ▶ ☐

40 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box ▶ ☐

41a If the issuer has identified a hedge, check here ▶ ☐ and enter the following information:

b Name of hedge provider ▶

c Type of hedge ▶

d Term of hedge ▶

42 If the issuer has superintegrated the hedge, check box ▶ ☐

43 If the issuer has established written procedures to ensure that all nonqualified bonds of this issue are remediated according to the requirements under the Code and Regulations (see instructions), check box ▶ ☐

44 If the issuer has established written procedures to monitor the requirements of section 148, check box ▶ ☑

45a If some portion of the proceeds was used to reimburse expenditures, check here ▶ ☐ and enter the amount of reimbursement ▶

b Enter the date the official intent was adopted ▶

Signature and Consent

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

▶ Signature of issuer's authorized representative — Date 10/26/11 — ▶ J. KEVIN WARD, GENERAL MANAGER — Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
STEFANO TAVERNA		12/6/2011		P01067358

Firm's name ▶ MCCALL, PARKHURST & HORTON L.L.P. — Firm's EIN ▶ 75-0799392

Firm's address ▶ 717 N. HARWOOD, SUITE 900, DALLAS, TX 75201 — Phone no. 214-754-9200

7011 1570 0002 2440 5946

U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com®

OFFICIAL USE

Postage	$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	$ 6.63

Postmark Here

80385 KG

Sent To Internal Revenue Service Center

Street, Apt. No.; or PO Box No. Ogden, Utah 84201

City, State, ZIP+4

1.4.12

PS Form 3800, August 2006 See Reverse for Instructions