



(See "Continuing Disclosure of Information" herein)

OFFICIAL STATEMENT

Dated September 28, 2011

Ratings:
Moody's: "Aa1"
See ("Other Information - Rating" herein)

NEW ISSUE - Book-Entry-Only

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

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

\$6,795,000
TRINITY RIVER AUTHORITY OF TEXAS
CITY OF FORT WORTH WATER AND WASTEWATER TRANSMISSION CONTRACT
(SENDERA RANCH PROJECT) REVENUE REFUNDING BONDS, SERIES 2011

Dated Date: September 15, 2011

Due: February 1, as shown on Page ii

Interest to accrue from delivery date

PAYMENT TERMS . . . Interest on the \$6,795,000 Trinity River Authority of Texas City of Fort Worth Water and Wastewater Transmission Contract (Sendera Ranch Project) Revenue Refunding Bonds, Series 2011 (the "Bonds") will accrue from the initial delivery of the Bonds (the "Delivery Date") and will be payable February 1 and August 1 of each year, commencing February 1, 2012, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the owners thereof. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "The Bonds - Book-Entry-Only System" herein. The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (see "The Bonds - Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE . . . The Bonds are issued pursuant to the provisions of Acts of the 54th Legislature of Texas, Regular Session, 1955, Chapter 518 as amended, Chapter 1207, Texas Government Code, as amended, and other applicable laws. Under the Constitution and the statutes of the State of Texas, the Trinity River Authority of Texas (the "Authority" or "Issuer") has broad powers to effectuate flood control and the conservation and use for all beneficial purposes of storm and flood waters in the Trinity River watershed, and as a necessary aid to these purposes, the Authority has specific authority to construct, own and operate water and wastewater treatment, collection and transportation systems, and to make contracts in reference thereto with municipalities and others.

PURPOSE . . . Proceeds from the sale of the Bonds will be used to (i) refund a portion of the outstanding Trinity River Authority of Texas City of Fort Worth Water and Wastewater Transmission Contract (Sendera Ranch Project) Revenue Bonds, Series 2002 (see Schedule I) and (ii) pay costs of issuance associated with the issuance of the Bonds.

CUSIP PREFIX: 896577

MATURITY SCHEDULE & 9 DIGIT CUSIP

See Schedule on Page ii

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

DELIVERY . . . It is expected that the Bonds will be available for delivery through The Depository Trust Company on or about November 4, 2011.

MORGAN KEEGAN

MATURITY SCHEDULE

Amount	Maturity February 1	Rate	Yield	CUSIP Suffix ⁽¹⁾
\$ 110,000	2012	2.000%	0.500%	AW3
585,000	2013	2.000	0.650	AX1
600,000	2014	2.000	0.840	AY9
615,000	2015	2.000	1.060	AZ6
635,000	2016	2.000	1.420	BA0
650,000	2017	2.000	1.660	BB8
670,000	2018	2.000	1.930	BC6
690,000	2019	4.000	2.250	BD4
720,000	2020	2.500	2.470	BE2
745,000	2021	3.000	2.620	BF9
775,000	2022	3.000	2.800	BG7

(Interest to accrue from the Delivery Date)

(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by Standard and Poor's CUSIP Service Bureau, A Division of The McGraw-Hill Companies, Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services.

REDEMPTION . . . The Bonds are not callable prior to maturity.

No dealer, broker, salesman or other person has been authorized to give any information, or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Authority, the Financial Advisor or the Underwriter.

This Official Statement is not to be used in connection with an offer to sell or the solicitation of an offer to buy in any jurisdiction in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

Any information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of the Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority or other matters described herein since the date hereof. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the Authority's undertaking to provide certain information on a continuing basis.

THE BONDS ARE EXEMPT FROM REGISTRATION WITH THE SECURITIES AND EXCHANGE COMMISSION AND CONSEQUENTLY HAVE NOT BEEN REGISTERED THEREWITH. THE REGISTRATION, QUALIFICATION, OR EXEMPTION OF THE BONDS IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTIONS IN WHICH THE BONDS HAVE BEEN REGISTERED, QUALIFIED OR EXEMPTED, SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

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

None of the Authority, the Financial Advisor or the Underwriter makes any representation or warranty with respect to the information contained in this Official Statement regarding The Depository Trust Company or its book-entry-only system as described under "BOOK-ENTRY-ONLY SYSTEM," as such information has been provided by The Depository Trust Company for use herein.

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

The agreements of the Authority and others related to the Bonds are contained solely in the contracts described herein. Neither this Official Statement nor any other statement made in connection with the offer or sale of the Bonds is to be construed as constituting an agreement with the purchasers of the Bonds. INVESTORS SHOULD READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING ALL SCHEDULES AND APPENDICES ATTACHED HERETO, TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION.

THIS OFFICIAL STATEMENT CONTAINS "FORWARD-LOOKING" STATEMENTS WITHIN THE MEANING OF SECTION 21e OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. SUCH STATEMENTS MAY INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE THE ACTUAL RESULTS, PERFORMANCE AND ACHIEVEMENTS TO BE DIFFERENT FROM THE FUTURE RESULTS, PERFORMANCE AND ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. INVESTORS ARE CAUTIONED THAT THE ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE SET FORTH IN THE FORWARD-LOOKING STATEMENTS.

TABLE OF CONTENTS

OFFICIAL STATEMENT SUMMARYv

INTRODUCTION1

PLAN OF FINANCING1

THE BONDS2

SECURITY AND SOURCE OF PAYMENT5

COMPREHENSIVE ANNUAL FINANCIAL REPORTS
OF THE CITY6

THE PROJECT6

THE SYSTEM6

DEBT INFORMATION11

 DEBT SERVICE REQUIREMENTS11

SELECTED CONTRACT PROVISIONS12

SELECTED PROVISIONS OF THE RESOLUTION16

THE AUTHORITY23

 THE AUTHORITY’S ACTIVITIES23

 THE AUTHORITY’S REVENUE BASED PROJECTS23

 THE FUTURE ROLE OF THE AUTHORITY25

 PENSION PLAN25

 OTHER OUTSTANDING INDEBTEDNESS OF THE
 AUTHORITY26

TAX MATTERS27

CONTINUING DISCLOSURE OF INFORMATION28

OTHER INFORMATION30

 RATING30

 LITIGATION30

 REGISTRATION AND QUALIFICATION OF BONDS FOR
 SALE30

 LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE
 PUBLIC FUNDS IN TEXAS30

 LEGAL OPINIONS AND NO-LITIGATION CERTIFICATE ..31

 AUTHENTICITY OF FINANCIAL DATA AND OTHER
 INFORMATION31

 FINANCIAL ADVISOR31

 UNDERWRITING32

 FORWARD-LOOKING STATEMENTS DISCLAIMER32

Schedule I Refunded BondsS-1

Appendices

 BIOGRAPHICAL INFORMATION A

 EXCERPTS FROM THE COMPREHENSIVE ANNUAL
 FINANCIAL REPORT AND CERTAIN FINANCIAL AND
 OPERATING DATA OF THE CONTRACTING PARTY,
 THE CITY OF FORT WORTH B

 FORM OF BOND COUNSEL’S OPINION C

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

OFFICIAL STATEMENT SUMMARY

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

THE AUTHORITY..... The Trinity River Authority of Texas (the “Authority” or “Issuer”) is a governmental agency of the State of Texas and a body politic and corporate, created as a conservation and reclamation district under Article XVI, Section 59 of the Texas Constitution pursuant to Chapter 518, Acts of the 54th Texas Legislature, Regular Session, 1955, as amended. The Authority is governed by a Board of 25 directors who are appointed by the Governor for six-year terms.

THE BONDS..... The Bonds are issued as \$6,795,000 City of Fort Worth Water and Wastewater Transmission Contract (Sendera Ranch Project) Revenue Refunding Bonds, Series 2011. The Bonds are issued as serial bonds maturing February 1, 2012 through February 1, 2022 (see “The Bonds - Description of the Bonds”).

PAYMENT OF INTEREST Interest on the Bonds accrues from the Delivery Date, and is payable February 1, 2012, and each August 1 and February 1 thereafter until maturity (see “The Bonds - Description of the Bonds,”).

AUTHORITY FOR ISSUANCE The Bonds are issued pursuant to the provisions of Acts of the 54th Legislature of Texas, Regular Session, 1955, Chapter 518 as amended, Chapter 1207, Texas Government Code, as amended, and other applicable laws. (see “The Bonds - Authority for Issuance”).

SECURITY FOR THE BONDS The Bonds constitute special obligations of the Authority, payable both as to principal and interest, and secured by a first lien on a pledge of the Gross Revenues of the Authority under the Contract entered into with the City of Fort Worth, Texas (the “City”) as the Contracting Party (see “The Bonds - Security and Source of Payment”).

REDEMPTION The Bonds are not callable prior to maturity.

TAX EXEMPTION..... In the opinion of Bond Counsel, the interest on the Bonds will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under the caption “Tax Matters” herein, including the alternative minimum tax on corporations.

Reference is made to the additional disclosure that has been added to this final Official Statement regarding recently proposed legislation under “TAX MATTERS – Future and Proposed Legislation”.

USE OF PROCEEDS Proceeds from the sale of the Bonds will be used to refund a portion of the outstanding Trinity River Authority of Texas City of Fort Worth Water and Wastewater Transmission Contract (Sendera Ranch Project) Revenue Bonds, Series 2002 and to pay the costs associated with the issuance of the Bonds. See Schedule I.

RATING..... The Bonds are rated “Aa1” by Moody’s Investors Service, Inc. (“Moody’s”). The Outstanding Parity Bonds of the Authority are also rated “Aa1” by Moody’s, without regard to credit enhancement (see “Other Information - Rating”).

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

PAYMENT RECORD The Authority has never defaulted in payment of its revenue bonds nor has the Contracting Party.

For additional information regarding the Authority, please contact:

Ms. Fiona M. Allen
Trinity River Authority of Texas
Northern Region
P.O. Box 240
Arlington, Texas 76004
(817) 493-5100

or

Mr. W. Boyd London, Jr.
Ms. Mary Williams
First Southwest Company
325 North St. Paul Street, Suite 800
Dallas, Texas 75201
(214) 953-4000

AUTHORITY OFFICIALS, STAFF AND CONSULTANTS

Board Members	Position	Area Represented
Linda D. Timmerman, Ed.D.	President and Member, Executive Committee	Freestone County
Harold L. Barnard	Vice-President and Member, Executive Committee	Ellis County
Michael Cronin	Chairman, Executive Committee	Kaufman County
Patricia Carlson	Member, Resources Development Committee	Tarrant County
William W. Collins, Jr.	Member, Resources Development Committee	Tarrant County
Christina Melton Crain	Member, Legal Committee	Dallas County
Steve Cronin	Member, Resources Development Committee	San Jacinto County
Amanda B. Davis	Member, Administration Committee	Leon County
Ronald J. Goldman	Member, Utility Services Committee	Director at Large
Martha A. Hernandez	Member, Legal Committee	Tarrant County
John W. Jenkins	Chairman, Legal Committee, Member, Exec. Comm.	Director at Large
Keith W. Kidd*	Member, Legal Committee	Dallas County
Jess A. Laird	Member, Administration Committee	Henderson County
Nancy E. Lavinski	Chair, Administration Committee, Member, Exec. Comm.	Anderson County
David B. Leonard	Member, Utility Services Committee	Liberty County
Andrew Martinez	Member, Legal Committee	Walker County
Kevin Maxwell	Member, Utility Services Committee	Houston County
Dennis "Joe" McCleskey	Member, Administration Committee	Trinity County
James W. Neale	Member, Administration Committee	Dallas County
Manny Rachal	Member, Utility Services Committee	Polk County
Amir Rupani	Member, Administration Committee	Director at Large
Ana Laura Saucedo	Chair, Resources Dev. Comm., Member, Exec. Comm.	Dallas County
Shirley K. Seale	Member, Resources Development Committee	Chambers County
J. Carol Spillars	Member, Utility Services Committee	Madison County
Kim C. Wyatt	Chairman, Utility Services Comm., Member, Exec. Comm.	Navarro County

* Resignation effective September 30, 2011

Management Officers

J. Kevin Ward	General Manager
Fiona M. Allen, P.E.	Regional Manager, Northern Region
Jimmie R. Sims	Regional Manager, Southern Region
Robert E. Moore, CPA	Manager, Financial Services
Thomas D. Sanders	Construction Services Manager
Don A. Tucker	General Services Manager
J. Sam Scott	Executive Services Manager
Howard S. Slobodin	Secretary, Board of Directors and Staff Attorney

Consultants and Advisors

General Counsel.....	Booth, Ahrens & Werkenthin, P.C.	Austin, Texas
Independent Auditors.....	Deloitte & Touche, LLP	Fort Worth, Texas
Consulting Engineer	Jacobs Engineering Group, Inc.	Dallas, Texas
Bond Counsel	McCall, Parkhurst & Horton L.L.P.....	Dallas, Texas
Financial Advisor.....	First Southwest Company.....	Dallas, Texas

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OFFICIAL STATEMENT

RELATING TO

\$6,795,000

TRINITY RIVER AUTHORITY OF TEXAS CITY OF FORT WORTH WATER AND WASTEWATER TRANSMISSION CONTRACT (SENDERA RANCH PROJECT) REVENUE REFUNDING BONDS, SERIES 2011

INTRODUCTION

This Official Statement, which includes the Appendices hereto, provides certain information regarding the issuance of \$6,795,000 Trinity River Authority of Texas City of Fort Worth Water and Wastewater Transmission Contract (Sendera Ranch Project) Revenue Refunding Bonds, Series 2011. Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Resolution authorizing the issuance of the Bonds (the "Resolution"), except as otherwise indicated herein (see "Selected Provisions of the Resolution").

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

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

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

PLAN OF FINANCING

PURPOSE . . . The Bonds are being issued for the purpose of refunding a portion of the outstanding Trinity River Authority of Texas City of Fort Worth Water and Wastewater Transmission Contract (Sendera Ranch Project) Revenue Bonds, Series 2002 (the "Refunded Bonds") described in Schedule I attached hereto and to pay costs associated with the issuance of the Bonds.

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

The Refunded Bonds and the interest due thereon are to be paid on their scheduled interest payment and maturity dates, or date of redemption prior to maturity, from funds to be deposited with The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (the "Escrow Agent") pursuant to an Escrow Agreement (the "Escrow Agreement") between the Authority and the Escrow Agent.

The Resolution provides that from the proceeds of the sale of the Bonds as to the Underwriter, the Authority will deposit with the Escrow Agent an amount, together with other lawfully available funds, which will be sufficient to accomplish the discharge and final payment of the Refunded Bonds. Such funds will be held by the Escrow Agent in a special escrow account (the "Escrow Fund").

Under the Escrow Agreement, the Escrow Fund is irrevocably pledged to the payment of principal of and interest on the Refunded Bonds. The escrowed funds will not be available to pay the debt service on the Bonds.

By the deposit of the cash with the Escrow Agent pursuant to the Escrow Agreement, the Authority will have effected the defeasance of the Refunded Bonds pursuant to the terms of Chapter 1207, Texas Government Code, as amended, and the

resolution authorizing the issuance of the Refunded Bonds. It is the opinion of Bond Counsel that, as a result of such defeasance, the Refunded Bonds will no longer be payable from the Gross Revenues of the Authority under the Contract described herein, but will be payable solely from the cash held for such purpose by the Escrow Agent, and that the Refunded Bonds will be defeased and thus will not be included in or considered to be indebtedness of the Authority for the purpose of a limitation on indebtedness or taxation or for any other purpose. First Southwest Company, acting as Financial Advisor to the Authority, will provide a sufficiency report which Bond Counsel will rely upon as to the sufficiency of funds to be deposited with the Escrow Agent for the defeasance and redemption of the Refunded Bonds.

THE BONDS

DESCRIPTION OF THE BONDS . . . The Bonds are dated September 15, 2011, and mature on February 1 in each of the years and in the amounts shown on page ii hereof. Interest will be computed on the basis of a 360-day year of twelve 30-day months, will accrue from the Delivery Date and will be payable until maturity on February 1 and August 1 of each year, commencing February 1, 2012. The definitive Bonds will be issued only in fully registered form in any integral multiple of \$5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. No physical delivery of the Bonds will be made to the owners thereof. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "Book-Entry-Only System" herein.

AUTHORITY FOR ISSUANCE . . . The Bonds are being issued pursuant to the provisions of the Authority Act, Chapter 1207, Texas Government Code, as amended, and other applicable laws. Under the Constitution and the statutes of the State of Texas, the Authority has broad powers to effectuate flood control and the conservation and use for all beneficial purposes of storm and flood waters in the Trinity River watershed, and as a necessary aid to these purposes, the Authority has specific authority to construct, own and operate water and wastewater treatment, collection and transportation systems, and to make contracts in reference thereto with municipalities and others. The Bonds are payable from the income to be received by the Authority under a contract (the "Contract") with the City of Fort Worth, Texas (the "Contracting Party"). The Bonds are "Additional Bonds" permitted to be issued by the resolution of the Board of Directors of the Authority authorizing the issuance of the currently outstanding City of Fort Worth Water and Wastewater Transmission Contract (Sendera Ranch Project) Revenue Bonds, Series 2002, which shall sometimes be referred to as "Outstanding Parity Bonds".

REDEMPTION . . . The Bonds are not callable prior to maturity.

DEFEASANCE . . . The Resolution provides that the Authority may discharge its obligations to the registered owners of any or all of the Bonds in any manner permitted by law. Under current Texas law, such discharge may be accomplished either: (i) by depositing with the Paying Agent/Registrar or other lawfully authorized entity a sum of money equal to the principal and all interest to accrue on the Bonds to maturity and/or (ii) by depositing with the Paying Agent/Registrar or other lawfully authorized entity amounts sufficient, together with the investments earnings thereon, to provide for the payment of such Bonds; provided that such deposits may be invested and reinvested only in (a) direct non-callable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the Authority adopts or approves the proceedings authorizing the issuance of refunding obligations, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent; and (c) noncallable obligations of a state or an agency or a Authority, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the Authority adopts or approves the proceedings authorizing the issuance of refunding obligations to refund the Bonds, as applicable, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent; or (iii) any combination of (i) and (ii) above. The foregoing obligations may be in book-entry form, and shall mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment of the Bonds.

Upon such deposit as described above, such Bonds shall no longer be regarded to be outstanding or unpaid. After firm banking and financial arrangements for the discharge and final payment or redemption of Bonds have been made as described above, all rights of the Authority to initiate proceedings or take any other action amending the terms of such Bonds are extinguished.

There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds. Because the Resolution does not contractually limit such investments, registered owners may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law.

BOOK-ENTRY-ONLY SYSTEM . . . *This section describes how ownership of the Bonds are to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by The Depository Trust Company ("DTC"), New York, New York, while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The*

Authority believes the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.

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

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for the Bonds, in the aggregate principal amount of such issue, and will be deposited with DTC.

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

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

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

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

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

Payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the Authority or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and

customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are the responsibility of the Authority or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

EFFECT OF TERMINATION OF BOOK-ENTRY ONLY SYSTEM . . . In the event that the Book-Entry Only System is discontinued by DTC or the use of the Book-Entry Only System is discontinued by the Authority, printed Bonds will be issued to the holders and the Bonds will be subject to transfer, exchange and registration provisions as set forth in the Resolution and summarized under "The Bonds - Transfer, Exchange and Registration" below.

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

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

RECORD DATE FOR INTEREST PAYMENT . . . The record date ("Record Date") for the interest payable on the Bonds on any interest payment date means the close of business on the 15th calendar day of the preceding month.

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

BONDHOLDERS' REMEDIES . . . The Resolution does not specify events of default with respect to the Bonds. If the Authority defaults in the payment of principal or interest on the Bonds when due, or the Authority defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Resolution, the registered owners may seek a writ of mandamus to compel the Authority or Authority officials to carry out the legally imposed duties with respect to the Bonds if

there is no other available remedy at law to compel performance of the Bonds or the Resolution and the Authority's obligations are not uncertain or disputed. The issuance of a writ of mandamus is controlled by equitable principles, so rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Resolution does not provide for the appointment of a trustee to represent the interest of the Bondholders upon any failure of the Authority to perform in accordance with the terms of the Resolution, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners. On June 30, 2006, the Texas Supreme Court ruled in *Tooke v. City of Mexia*, 197 S.W. 3d 325 (Tex.2006), that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Because it is unclear whether the Texas legislature has effectively waived the Authority's sovereign immunity from a suit for money damages, Bondholders may not be able to bring such a suit against the Authority for breach of the Bonds or Resolution covenants in the absence of Authority action. Chapter 1371, Texas Government Code ("Chapter 1371"), which pertains to the issuance of public securities by issuers such as the Authority, permits the Authority to waive sovereign immunity in the proceedings authorizing its bonds, but in connection with the issuance of the Bonds, the Authority has not waived sovereign immunity. Furthermore, the Authority is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, such provision is subject to judicial construction. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or Bondholders of an entity which has sought protection under Chapter 9. Therefore, should the Authority avail itself of Chapter 9 protection from creditors, the ability to enforce any remedies would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Bonds are qualified with respect to the customary rights of debtors relative to their creditors. In addition, while the Authority has covenanted to secure the Bonds by a first lien on the Gross Revenues, Bond Counsel will opine only that a valid and enforceable lien has been granted on the Gross Revenues. Bond Counsel has not been requested to, and has not, rendered any opinion as to the priority status of the pledge of the Gross Revenues.

USE OF BOND PROCEEDS . . . Proceeds from the sale of the Bonds are expected to be applied approximately as follows:

Sources of Funds	
Par Amount of Bonds	\$ 6,795,000.00
Reoffering Premium	191,416.75
Total Sources of Funds	<u>\$ 6,986,416.75</u>
 Uses of Funds:	
Deposit to Escrow Fund	\$ 6,810,017.50
Underwriter's Discount	52,833.00
Costs of Issuance	122,500.00
Rounding Amount	1,066.25
Total Uses of Funds	<u>\$ 6,986,416.75</u>

SECURITY AND SOURCE OF PAYMENT

The Authority has entered into the Contract (the "Contract") with the City of Fort Worth (the "City") to enable it to construct water and wastewater transmission facilities for the benefit of the City (see "The Project"). The City has agreed to pay to the Authority its cost of debt service on the Bonds. The debt service on any Additional Bonds that are required for any future additions or expansions will be paid by the City. The City will pay its obligation to the Authority out of moneys received from the operation of its Water and Sewer System, said obligation to be an operation and maintenance expense of the City which is senior to their respective Water and Sewer Revenue debt. The Bonds, and interest thereon, are payable solely from Gross Revenues to be received by the Authority under the terms of the Contract, and the Authority has pledged these Gross Revenues to the punctual payment of these obligations, when due.

COMPREHENSIVE ANNUAL FINANCIAL REPORTS OF THE CITY

Beginning in 2004, the City experienced difficulties in the preparation and timely completion of its comprehensive annual financial report ("CAFR"). The City undertook several remedial measures to enable the timely completion of its CAFR, and since the release of the 2009 CAFR, the City has timely prepared and distributed its CAFR within 180 days of the end of its fiscal year. The 2010 CAFR was made public in March 2011, in a timely manner and in the typical timeframe for the release of the CAFR (see Appendix B – Excerpts from the Comprehensive Annual Financial Report). Deloitte & Touche LLP, the independent auditor who audited the City's 2010 basic financial statements, provided an opinion which stated that, based on its audit and the report of the other auditors, the basic financial statements referenced to in the 2010 CAFR present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, the aggregate discretely presented component units and aggregate remaining fund information of the City, as of September 30, 2010, and the respective changes in financial position and respective cash flows, where applicable, thereof for the year then ended in conformity with accounting standards generally accepted in the United States of America.

The City is in the process of upgrading its information technology systems through the implementation of an Enterprise Resource Planning financial system which, when fully implemented, is intended to provide the means to better administer and monitor policies and procedures for overall accounting operations, including automated controls to ensure proper accounting and reconciliation of capital assets (noted as a material weakness by the City's outside auditors in fiscal years 2004 through 2010).

THE PROJECT

The City of Fort Worth contracted with Carter & Burgess, Inc. to design water and sanitary sewer improvements to serve Sendera Ranch. Sendera Ranch is a planned community in the northwest quadrant of Fort Worth. The constructed water improvements consist of the extension of an existing 36-inch transmission main within the Northside III pressure plane. The approximate length of the main extension is 23,000 linear feet and transverses along three county-maintained roads. The constructed sanitary sewer improvements consist of approximately 15,000 linear feet of 30-inch, 36-inch and 42-inch gravity main that provide service to 6,385.8-acre area and approximately 115,000 population. The gravity main terminates into an existing 15-inch sanitary sewer line that is part of the Denton Creek Wastewater System owned and operated by the Trinity River Authority of Texas.

AUTHORIZED BUT UNISSUED REVENUE BONDS . . . None.

ANTICIPATED ISSUANCE OF REVENUE BONDS . . . The Authority currently has no plans to issue additional bonds.

THE SYSTEM

BACKGROUND... The City's Water and Sewer Department (the "Department") provides water and sewer services to residential, commercial, industrial and wholesale customers. The Department serves approximately 1,070,000 people in the City and in 30 surrounding communities by providing more than 160 million gallons of water for everyday use. Approximately 53 positions in the Department are directly engaged in design, inspection and contract administration of water and wastewater projects. The Department consists of two separate departments, the Water Department and the Wastewater Department, each of which contain several divisions responsible for specific areas within each department. The Water Department is responsible for providing safe, clean drinking water to City residents and customer cities. The Wastewater Department collects, monitors, treats and processes domestic and industrial waterborne waste from the City and other contracting communities. The Wastewater Department provides adequate sewage pumping capacity to handle all sewage from all areas of the City.

The Water and Sewer Fund is an enterprise fund, whereby revenues collected from the provision of water and sewer services recover operating costs and debt service costs. The Water and Sewer Fund provides resources for both the Water Department and the Wastewater Department. Water and wastewater services are billed separately to more accurately capture the cost of each service. However, the departments share administrative staff and many of the employees are partially expensed to both departments.

WATER SUPPLY

The City obtains all of its raw water from the Tarrant Regional Water District ("District"), which is a water control and improvement district and a political subdivision of the State of Texas. The District is the supplier of raw water used by municipal and non-municipal entities located within and adjacent to Tarrant County. The District's supply consists of lakes located north of the City, on the West Fork of the Trinity River, Cedar Creek, located southeast of the City in Henderson and Kaufman Counties, and Richland Chambers in Freestone and Navarro Counties. Among the major municipal customers of the District are the Cities of Arlington and Mansfield, the Trinity River Authority of Texas ("TRA") and the City. Freese and Nichols, Inc., the District's consulting engineers, estimates that the District's existing water supply system is adequate to meet its customers' projected water requirements under drought conditions until the year 2030. Such estimate is based upon the completion of the \$1.6 billion integrated pipeline project (the "Integrated Pipeline Project") to be financed by the District in accordance with (a) an agreement between the District and the City of Dallas entered into on November 16, 2010 (the "IPP Agreement") in respect to components of the Integrated Pipeline Project that benefit the City of Dallas and (b) the Revised Water Contract (defined below) in respect to

components of the Integrated Pipeline Project other than those that benefit the City of Dallas. Under the IPP Agreement, certain costs associated with the City of Dallas component of the Integrated Pipeline Project will be financed through the issuance by the District of contract revenue obligations that are to be paid solely from the revenues of the City of Dallas' combined waterworks and sewer system (the "Dallas Bonds"). Such payments are to be treated as an operation and maintenance expense of the City of Dallas' combined waterworks and sewer system. Under the IPP Agreement, the City of Dallas' estimated share of the Integrated Pipeline Project is approximately \$980 million. The City of Dallas is solely responsible for the payment of debt service on the Dallas Bonds and, therefore, the City has no liability with respect to the payment of debt service on any Dallas Bonds issued pursuant to the IPP Agreement. The parties to the Revised Water Contract with the District, including the City, will pay their proportionate share of the debt service on all bonds issued by the District for costs of the Integrated Pipeline Project other than those financed with the Dallas Bonds. The City will pay its proportionate share of the debt service on the District's bonds issued pursuant to the terms of the Revised Water Contract as an operation and maintenance expense of the System. It is currently anticipated that the District will issue bonds over a 10 to 15 year period to pay the total capital cost of the Integrated Pipeline Project, with the first series expected to be issued in 2012.

The District has previously issued bonds for the purpose of providing funds to finance the acquisition and construction of an additional water supply source and to refund certain of its previously outstanding bonds. The District has constructed a dam and reservoir at Richland and Chambers Creeks, and has also completed construction on certain transmission and related facilities. Effective September 1, 1982, the District entered into a revised water supply contract ("Revised Water Contract") with the City, the Cities of Arlington and Mansfield, and TRA. Under the Revised Water Contract, the City is required to purchase all of its raw water needs from the District (with certain limited exceptions), and the District is obligated to provide those needs by developing additional water supply sources, subject to force majeure and the ability of the District to obtain suitable financing and a determination of feasibility. If the District is unable to supply the City's raw water requirements or if it should become apparent that the District will become unable to supply such requirements, the Revised Water Contract provides a procedure by which the City would be permitted to develop or obtain a supplemental water supply to meet its needs. The City depends upon the District to meet its full raw water needs under the Revised Water Contract and at the present time the City has no assurance of the availability of a supplemental water supply, and currently does not have a contingency plan in place, if the District should fail to meet such needs.

Under the terms of the Revised Water Contract, the City pays to the District an amount equal to the City's proportionate share of the District's "Annual Requirement". The Annual Requirement includes the costs of operation and maintenance of the District's raw water supply facilities, debt service on the District's bonds and any future bonds it might issue, including deposits to any special or reserve fund established in the District's bond resolutions. Based upon the projected usage of the City for the 2010-2011 fiscal year, the monthly purchase price to be paid by the City for water under the Revised Water Contract was \$4,339,974, which is calculated on a rate of 0.7524¢ per 1,000 gallons for inside District customers and 0.7794¢ for outside District customers. Such amount is subject to adjustment as provided in the Revised Water Contract. The minimum amount of water the City shall be deemed to have used shall be calculated at an amount equal to the greater of 43.28 Million Units Daily or the average (defined below) actually used by the City during the period of the immediately preceding five consecutive annual periods (excluding the sale by the City of treated water to certain customer-cities). The City currently anticipates that the Integrated Pipeline Project will increase the purchase price of water under the Revised Water Contract, and that water rate increases may be required and will be approved by the City Council as necessary to pay the City's share of the District's portion of the debt service on any debt issued pursuant to the Integrated Pipeline Project. Notwithstanding such potential rate increases, District officials currently estimate that the District will save approximately \$400 million in capital costs by building the pipeline with the City of Dallas and up to \$1 billion in operation and maintenance costs over the life of the pipeline, which in turn would provide long-term benefits to the City.

The Revised Water Contract provides that all payments to be made under said contract shall constitute reasonable and necessary operating expenses of the System, and thus the requirements to make such payments from the revenues of the System shall have a priority over any obligation to make payments from such revenues, including payment of principal and interest on the Bonds and on the City's outstanding Parity Obligations and the Subordinate Lien Bonds.

WATER FACILITIES

WATER TREATMENT . . . Water for the City and its wholesale water customers is presently treated at the four City-owned water treatment plants; the North Holly Water Treatment Plant, the South Holly Water Treatment Plant, the Rolling Hills Holly Water Treatment Plant, and the Eagle Mountain Water Treatment Plant. The four plants can deliver a dependable supply of treated water totaling 450 M.G.D., and a peak day production of 485 M.G.D. The City anticipates water treatment capacity to be adequate to handle all of its customers and obligations to the year 2015, at which time the new 12 M.G.D. Westside Water Treatment Plant will be already in service to increase the total system capacity to 497 M.G.D. The water treated by the City meets all applicable State and Federal requirements. Future plant expansions are planned to coincide with growth to provide capacity through 2030.

RAW WATER TRANSMISSION . . . Raw water pipelines with a combined capacity of 120 M.G.D. connect the North and South Holly Water Treatment Plants with Lake Worth and two upstream reservoirs, Lake Bridgeport and Eagle Mountain Lake, both located on the West Fork of the Trinity River. A raw water pump station on the Clear Fork of the Trinity River provides an additional 90 M.G.D. to the South Holly Water Treatment Plant, primarily from Lake Benbrook via the Clear Fork of the Trinity

River. A 78-mile, 90-inch pipeline links Richland-Chambers Reservoir ("Richland Chambers") to the Rolling Hills Water Treatment Plant and Lake Arlington. A 68-mile, 72-inch raw water line connects Cedar Creek Lake ("Cedar Creek") with the Rolling Hills Water Treatment Plant. These two pipelines tie together at the 150 million gallon balancing reservoir southeast of the City, resulting in a blended raw water mixture. A 10-mile, 90-inch pipeline links the raw water pipelines at the Rolling Hills Water Treatment Plant to the Benbrook Reservoir on the Clear Fork of the Trinity River to utilize the Benbrook Reservoir as an additional terminal reservoir. In addition, in 2009 the District finalized construction of an 18 mile 90-inch pipeline with a 120 million gallon balancing reservoir, connecting the east Texas raw water sources with Eagle Mountain Lake. A new 54-inch raw water line will connect the new Westside Water Treatment Plant to raw water from Richland Chambers, Cedar Creek, and Benbrook water sources through a connection to the 90-inch pipeline. The two Eagle Mountain raw water pump stations, which take water directly from Eagle Mountain Lake, are connected to the Eagle Mountain Water Treatment Plant via a three mile 54-inch water line with a capacity of 70 M.G.D and a parallel 72-inch raw water line with a capacity of 140 M.G.D.

PUMPING AND STORAGE . . . Six high service pump stations, including two each at the Rolling Hills and Eagle Mountain Water Treatment Plants, with a total capacity of 850 M.G.D., pump treated water from the clearwells at the treatment plants into the distribution system. The City has a total clearwell capacity of 44 million gallons ("M.G."). The Westside Water Treatment Plant, scheduled for completion in 2012, will add an additional high service pump station with a total capacity of 35 M.G.D. and a clear well with a total capacity of 2.5 M.G.

The treated water transmission and distribution system consists of 3,454 miles of water mains varying in size from 2-inches to 66-inches in diameter. Approximately 64% of the system consists of pipe in the 6-inch to 8-inch range. Due to variances in topography and the size of the area served, 21 remotely controlled booster pump stations with a total capacity of 500 M.G.D. are in operations.

Water storage within the distribution system consists of fifteen ground storage tanks and eleven elevated storage tanks with a combined capacity of 90 M.G.

RECENT EVENTS . . . The North and South Holly Water Treatment Plants Ozone Project design is complete. This project will add ozone disinfection to the North and South Holly Water Treatment Plants to meet regulatory requirements. This project, placed on hold for several years, began in the fall of 2010 and expected completion is in December of 2011.

The Rolling Hills Water Treatment Plant 40 M.G.D. Upgrade project consists of Phase I – Ozonation Facilities; Phase 2 – Backwash Supply System; Phase 3 – Sedimentation & Filter Modifications; Phase 4 – High Service Pump Station; and Phase 5 – Chemical Facilities. The construction for the first four phases is complete. The construction of the Chemical Facilities is scheduled to start construction in the fall of 2011.

The new 12 M.G.D Westside Water Treatment plant is under construction. This plant will provide additional capacity and reliability to the water distribution system in west Fort Worth. This plant and its associated raw water line, water distribution mains and sanitary sewer main are scheduled for completion in 2012.

WATER CONSERVATION PLAN

On July 28, 1987, the City Council adopted by resolution the Fort Worth Conservation Plan (the "Plan"), which was amended periodically as required by law, most recently in April 2009, instructing the Director of the Water Department to utilize the Plan when required in its submissions to state agencies. The City's goals and steps taken regarding their water conservation plan are:

- To continue water use restrictions to achieve the "average conservation water use" level of 180 gallons per capita per day by 2050;
- To maintain and enhance the quality of raw water supply;
- To use internal programs to minimize water loss;
- To reduce peak demands; and
- To continue and expand the public education program.

The City staff believes the Plan meets the State guidelines including a drought contingency component with staged, escalating water use restrictions.

WASTEWATER SYSTEM

COLLECTIONS AND TREATMENT . . . The City presently has in service approximately 3,436 miles of sanitary sewer mains ranging in size from four inches to 96 inches in diameter. These mains deliver wastewater to the City's Village Creek Wastewater Treatment Plant which treats the bulk of the City's and its customers' effluent, with a small portion going to TRA plants, with which the City has a contractual arrangement to treat a portion of its flow. The VCWWTP utilizes the activated sludge method of treatment followed by filtration and has a rated capacity of 166 M.G.D. The VCWWTP is a modern plant that is designed and built in accordance with applicable State and Federal regulations. The National Society of Professional Engineers awarded the plant the 1992 Outstanding Engineering Achievement Award for the innovative odor control system in the primary treatment area. The plant also received a "Platinum Award" from the Association of Metropolitan Sewer Agencies for perfect National

Pollutant Discharge Elimination System ("NPDES") compliance for the periods 1993-1997, 1998-2002, and 2003-2008. The plant is one of three in the United States to receive this prestigious award three times.

Privatization of sludge de-watering and disposal began in 1990 with a one-year program. The program was so widely accepted that the project was continued a second and third year with increasing amounts of the daily production of sludge dedicated to beneficial reuse. In 1993, a decision was made to privatize one hundred percent of the daily production of sludge and a five-year contract was awarded during 1994. Construction of a de-watering facility began in August 1994 and was placed in service on April 1, 1995. One hundred percent of biosolids produced are beneficially reused on registered agricultural sites located in Tarrant and surrounding counties.

Since all sludge produced at the VCWWTP was diverted to the de-watering facility, the City ceased using the existing sludge drying beds. In March 1995, approximately 500,000 cubic yards of sludge remained in the drying beds or in stockpiles. Since the EPA and the Texas Natural Resource Conservation Commission, which is now known as the Texas Commission on Environmental Quality ("TCEQ"), had approved this sludge as Class "A" equivalent for beneficial reuse, the City was able to advertise contracts for removal of the material and received a very favorable bid. The original contracts in 1995 were for 3-year terms for the removal of 110,000 dry tons annually. Two successive annual contracts since the original contracts were approved that have led to the complete elimination of the sludge in the drying beds in October 2001. This project is now in the process of being closed and was completed ahead of schedule.

On October 28, 1997, the City participated in a contract, along with the Cities of Roanoke, Haslet, Southlake, and the Lake Turner Municipal Utility District No. 1, with TRA for the Denton Creek Regional Wastewater Treatment System (the "Treatment System") for the purpose of constructing facilities to enable TRA to supply wastewater treatment to the contracting parties. On the same date, the City, Roanoke and Haslet became contracting parties with TRA for the Denton Creek Wastewater Interceptor System (the "Interceptor System") for the purpose of constructing a wastewater interceptor to collect wastewater generated by the portions of the three contracting cities that lie within the Denton Creek Watershed. The contracting parties agreed to pay to TRA its cost of operation and maintenance and debt service on the bonds and on any additional bonds that were required to complete the construction of both projects or any future additions or expansions. The Interceptor System consists of approximately 70,000 linear feet of reinforced concrete pipe with the concept of the project prepared on the basis of a twenty-year development of the service area. The current Treatment System has a plant capacity of 5 M.G.D. TRA issued additional bonds in the amount of \$2,430,000 in 1995, which were refunded in 2005 (of which \$1,235,000 currently is outstanding) for the expansion of the Treatment System to treat peak flows from the Texas Motor Speedway and additional development in the Alliance Airport area.

RECENT EVENTS . . . The preliminary energy audit of the VCWWTP was completed and a Detailed Energy Study was awarded in September 2008 to identify energy saving/producing retrofit opportunities or process improvement opportunities such as; aeration diffuser upgrades, turbine waste heat recovery, digester gas improvements, SCADA system replacement, aeration basin anoxic zone installation, and other building lighting and HVAC improvements. The first phase, paid with City funds was awarded in February 2010 with construction projected to be completed in fall of 2011. The second phase, will be paid using a municipal lease with energy and chemical cost savings. The lease was approved by City Council in July of 2010, and construction began in the late summer of 2010. This phase is expected to be complete in June of 2012.

The VCWWTP Bio-solids Expansion project will install one additional one belt press at the Sludge De-watering Facility. Design was awarded in November 2008 and construction was awarded in September 2009. Construction should be complete in October 2010.

Design work for the Big Fossil Creek Parallel Relief Sewer Main (M-402) was awarded in April 2010. The project will replace the existing Big Fossil Creek Sewer Main and the old TCWSC Sewer Line used by the Cities of Richland Hills and North Richland Hills. These two cities and the City of Haltom City will participate in the design and construction costs of this project. Construction of this multi-phase project should be complete in 2015.

Design work on South Shore (M-253) Sewer Main started in 2003. The project will replace the 30,000 linear feet existing 27-inch to 36-inch sewer line along the south shore of the Trinity River with 42-inch sewer main. In 1997 and 1998 two emergency repairs were carried out on collapsed sections of the 36-inch main. In 1999, approximately 2800 linear feet was replaced with 54-inch pipe before in anticipation of the construction of the Water-chase Golf Course. The next construction project was awarded in September 2009. The entire multi-phase project should be complete by 2013.

Design work on the Upper Village Creek Sewer Main (M-257) and the Deer Creek Main (M-325) started in 2000. The Village Creek Sewer Main (M-257) portion of the project will replace 31,330 linear feet of existing 33-inch and 36-inch pipe with 66-inch sewer pipe; 1,600 linear feet of 33-inch pipe with 54-inch pipe, and 13,400 linear feet of existing 27-inch and 30-inch pipe with 48-inch pipe. The Deer Creek Sewer Main (M-325) portion of the project will replace 23,100 linear feet of existing 21-inch and 24-inch sewer line with 42-inch pipe. Construction should start for this multi-phase project in 2014 and be complete in 2017.

The design project for the Village Creek Reclaimed Water Delivery System was awarded in August 2008. This project is the first phase in the Fort Worth Reclaimed Water Priority and Implementation Plan developed in 2007. The goal of the project is to construct a reclaim pump station at the VCWWTP and 10 miles of 36-inch to 20-inch reclaim water main from the VCWWTP to the DFW Airport and to establish reclaim water rates and contracts. The pump station and three reclaim water main construction projects were awarded in December 2009 and construction was completed in July 2011.

System staff is actively engaged in a multi-year program to improve its security systems. Completed projects include new security gates at the various water production and wastewater treatment facilities, installation of new security cameras and upgrade of old security cameras, new card access systems at critical facilities and a new alert notification system at the North and South Holly Water Treatment Plants. In addition, contracts have been awarded for a new alert notification system at the Rolling Hills Water Treatment Plant and Village Creek Wastewater Treatment Plant. Design and construction contracts are underway for security improvements at the various water pump stations and storage sites along with additional site hardening at the various production and treatment facilities.

STATUS OF CONTRACTS - WHOLESALE CUSTOMERS

Entity	Contract Expiration Date	
	Water	Wastewater
Alcdo	9-30-2031	***
Benbrook	**	5-14-2017
Bethesda Water Supply	9-30-2031	4-30-2017
Blue Mound	**	6-02-2017
Burleson	9-30-2031	5-08-2017
Crowley	9-30-2031	5-08-2017
Dalworthington Gardens	9-30-2031	***
DFW Airport	9-30-2031	***
Edgecliff Village	9-30-2031	5-08-2017
Everman	9-30-2031	5-08-2017
Forest Hill	9-30-2031	5-08-2017
Grand Prairie	9-30-2031	***
Haltom City	9-30-2031	5-08-2017
Haslet	9-30-2031	***
Hurst	9-30-2031	5-08-2017
Keller	9-30-2031	***
Kennedale/D. Strickland	9-30-2031	9-30-2017
Lake Worth	9-30-2031	5-08-2017
Northlake	9-30-2031	***
North Richland Hills	9-30-2031	5-08-2017
Pantego	**	5-08-2017
Richland Hills	9-30-2031	5-08-2017
River Oaks	**	5-08-2017
Roanoke	9-30-2031	***
Saginaw	9-30-2031	5-14-2017
Sansom Park	9-30-2031	5-08-2017
Southlake	9-30-2031	***
Trinity River Authority of Texas (Mosier Valley)	9-30-2031	***
Trinity River Authority	**	12-21-2017
Trophy Club Municipal Utility District No. 1	9-30-2031	***
Watauga	9-30-2031	***
Westlake	9-30-2031	***
Westover Hills	9-30-2031	10-01-2017
Westworth Village	9-30-2031	5-08-2017
White Settlement	9-30-2031	5-12-2017

** The City of Fort Worth does not supply water to this entity.

*** The City of Fort Worth does not treat wastewater from this entity.

Note: Source: City's Water Department.

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DEBT INFORMATION

DEBT SERVICE REQUIREMENTS

Fiscal Year Ending November 30	Outstanding Debt Service ⁽¹⁾			Less: Refunded	The Bonds ⁽²⁾⁽³⁾			Total	Percent of Principal Retired
	Principal	Interest	Total	Bonds	Principal	Interest	Total	Outstanding Debt Service	
				Debt Service					
2012	\$ 495,000	\$ 319,935	\$ 814,935	\$ 310,035	\$ 110,000	\$ 123,871	\$ 233,871	\$ 738,771	
2013	520,000	299,310	819,310	819,310	585,000	160,450	745,450	745,450	
2014	545,000	277,140	822,140	822,140	600,000	148,600	748,600	748,600	
2015	575,000	253,333	828,333	828,333	615,000	136,450	751,450	751,450	
2016	605,000	227,358	832,358	832,358	635,000	123,950	758,950	758,950	
2017	640,000	199,025	839,025	839,025	650,000	111,100	761,100	761,100	50.617%
2018	675,000	168,443	843,443	843,443	670,000	97,900	767,900	767,900	
2019	710,000	135,540	845,540	845,540	690,000	77,400	767,400	767,400	
2020	750,000	100,125	850,125	850,125	720,000	54,600	774,600	774,600	
2021	795,000	61,875	856,875	856,875	745,000	34,425	779,425	779,425	
2022	840,000	21,000	861,000	861,000	775,000	11,625	786,625	786,625	100.000%
	<u>\$ 7,150,000</u>	<u>\$ 2,063,083</u>	<u>\$ 9,213,083</u>	<u>\$ 8,708,183</u>	<u>\$ 6,795,000</u>	<u>\$ 1,080,371</u>	<u>\$ 7,875,371</u>	<u>\$ 8,380,271</u>	

⁽¹⁾ Outstanding as of 9/1/2011. Existing Bonds include: Series 2002.

⁽²⁾ Refunding maturities 2013 to 2022.

⁽³⁾ Average life of the Refunding issue - 5.905 years. Interest is calculated at the rates shown on page ii herein.

SELECTED CONTRACT PROVISIONS

Following is a summary of certain provisions of the Contract. Reference is hereby made to the full and complete Contract for further information, copies of which are available upon request from the Financial Advisor.

Section 1. DEFINITIONS. The terms and expressions used in this Contract, unless the context shows clearly otherwise, shall have meanings as follows:

- (a) "Board" and "Board of Directors" means the Board of Directors of the Authority.
- (b) "Bonds" or "Authority's Bonds" means any bonds issued by the Authority for acquiring, by purchase and construction, the Project, whether in one or more series or issues, or any bonds issued to refund same or to refund any refunding bonds.
- (c) "Bond Resolution" means any resolution of the Board authorizing the issuance of Bonds and providing for their security and payment, as such resolution(s) may be amended from time to time as therein permitted.
- (d) "Completion Date" means the date upon which the City accepts the Project as completed as described in Section 6(b) hereof.
- (e) "Engineering Report" means the engineering report as described and defined in the preamble to this Contract, together with any amendments and supplements thereto.
- (f) "Project" means the collective projects as described in the Engineering Report.

Section 2. OBLIGATION OF AUTHORITY TO ACQUIRE. The Authority agrees to pay, and will pay solely from and to the extent of the availability of proceeds derived from the issuance and sale of its Bonds, and subject to the further terms and provisions of this Contract, all of the actual costs of acquiring, by purchase and construction, the Project, through the issuance of its Bonds to provide the money for such payment, all in the manner hereinafter described; and the Authority, by such payment, will thus acquire the Project for the benefit of the City.

Section 3. AUTHORITY'S BOND RESOLUTION. The proceeds from the sale of the Bonds will be used for the payment of all of the Authority's costs and expenses in connection with the Project and the Bonds, including, without limitation, all financing, legal, printing, administrative, and other expenses and costs incurred in issuing its Bonds and acquiring the Project, and to fund a debt service reserve and other funds if required by any Bond Resolution. It is now estimated that such Bonds will be issued by the Authority in the amount of approximately \$11,200,000 (whether actually more or less), which amount is now estimated to be sufficient to cover all the aforesaid costs and expenses and other amounts required. Each Bond Resolution shall specify or provide for determination of the exact principal amount of the Bonds issued, which Bonds shall mature not more than 40 years from the date of such Bonds, and shall bear interest at not to exceed the maximum legal rates, and the Bond Resolution may create and provide for the maintenance of a revenue fund, a debt service fund, and a debt service reserve fund, and other funds, all in the manner and amounts as provided in each Bond Resolution. The City agrees that if such Bonds are actually issued and delivered to the purchaser thereof, the Bond Resolution authorizing the Bonds shall for all purposes be deemed to be in compliance with this Contract in all respects, the Bonds issued thereunder will constitute Bonds as defined in this Contract and that the City shall be bound by the terms thereof.

Section 4. CONSULTING ENGINEERS. The City has selected the Consulting Engineers for the Project and the Project will be acquired, by purchase and construction, in substantial accordance with the Engineering Report and in accordance with plans and specifications prepared under the supervision of the Consulting Engineers. It is further agreed that the Consulting Engineers may be changed, but only with the written agreement of both the Authority and the City.

Section 5. ACQUISITION CONTRACTS. The City, acting on behalf of and as agent for the Authority, will enter into such contracts as are necessary to provide for acquiring, by purchase and construction, the entire Project, and said contracts shall be executed as required by the laws applicable to the City. The Authority shall cause the amounts due under such contracts to be paid from the proceeds from the sale of its Bonds to the extent available. The Authority shall deposit proceeds from the sale of its Bonds into a special Project Construction Fund. Said Project Construction Fund shall be used for paying the Authority's costs and expenses incident to the Bonds and the Project in accordance with Section 3 hereof, and to pay the costs of acquiring, by purchase and construction, the Project. Pending use as required by this Contract, the amounts in the Project Construction Fund may be invested in accordance with law, provided that all investment earnings therefrom shall be deposited in and become a part of the Project Construction Fund.

Section 6. PAYMENTS BY CITY. (a) The Authority will provide, make available, and render, to and for the benefit of the City and its inhabitants, the water and wastewater transmission facilities and services of the Project paid for and acquired by the Authority pursuant to this Contract. In consideration of the Authority's acquiring, making available, and rendering to and for the benefit of the City and its inhabitants, the water and wastewater transmission facilities and services of the Project, the City agrees to make the payments hereinafter specified. As further consideration, it is agreed that the City will have the sole

responsibility for causing the Project (other than the DCRWS Wastewater Transmission Project) to be operated and maintained, and that the City will cause the Project (other than the DCRWS Wastewater Transmission Project) to be operated and maintained. It is further agreed that the City's obligation to make any and all payments under this Section of the Contract will terminate when all of the Authority's Bonds have been paid in full and are no longer outstanding. It is hereby provided that in further consideration of the payments made by the City under this Section, the City shall become the owner of the Project (other than the DCRWS Wastewater Transmission Project) upon completion of the acquisition, by purchase and construction, of the entire Project; and the payments made by the City under this Section shall constitute the necessary periodic or installment sale payments required to purchase the Project (other than the DCRWS Wastewater Transmission Project).

(b) After completion of the acquisition, by purchase and construction, of the entire Project, and when the entire Project is ready to be placed in service, the City shall inspect the same (other than the DCRWS Wastewater Transmission Project, which shall be inspected by the City and the Authority) and if it (other than the DCRWS Wastewater Transmission Project) is found by the City to have been acquired, by purchase and construction, as required by this Contract, the City, acting by and through the Mayor or City Manager of the City, shall notify the Authority in writing that it has accepted the Project (other than the DCRWS Wastewater Transmission Project). Upon such acceptance, all of the Authority's right, title and interest of every nature whatsoever in and to the Project (other than the DCRWS Wastewater Transmission Project) automatically shall vest irrevocably in the City without the necessity of the execution of any conveyance by the Authority, and such transaction shall result in the automatic sale and delivery of the Project (other than the DCRWS Wastewater Transmission Project) by the Authority to the City, and the vesting of title to the Project (other than the DCRWS Wastewater Transmission Project) in the City in consideration for the agreement of the City to perform its obligations and make the payments and indemnities required under this Contract. If requested in writing by the City, acting by and through the Mayor or City Manager of the City, the Authority will execute and deliver to the City an appropriate instrument acknowledging that such sale, delivery, and vesting of title has occurred, but such instrument shall not be necessary to effect the automatic sale, delivery, and vesting of title, which shall occur as described above. The sale and delivery of the Project (other than the DCRWS Wastewater Transmission Project) and vesting of title in the City upon the aforesaid conditions are deemed appropriate and necessary by the Authority, and are made in conformity with Section 30.022, Texas Water Code. Until the acceptance of the Project (other than the DCRWS Wastewater Transmission Project) by the City, all right, title, and interest in and to the Project (other than the DCRWS Wastewater Transmission Project) shall be in the Authority. After such acceptance and the resulting sale, delivery, and vesting of title in the City, the Authority shall have no right, title, or interest in, or responsibility with respect to, the Project (other than the DCRWS Wastewater Transmission Project). The payments required to be made by the City under this Contract shall be made in all events, regardless of whether title to the Project (other than the DCRWS Wastewater Transmission Project) or any part thereof is in the Authority or in the City. When title to the Project (other than the DCRWS Wastewater Transmission Project) has vested in the City the components shall become part of the City's Waterworks and Sewer System, and shall be owned, operated, and maintained as part of the City's Waterworks and Sewer System. The City shall carry insurance on the Project (other than the DCRWS Wastewater Transmission Project) in the same manner and to the same extent that it carries insurance on other similar facilities constituting part of the City's Waterworks and Sewer System. The Authority hereby waives, releases, relinquishes and renounces any and all liens which it may have in the Project (other than the DCRWS Wastewater Transmission Project) arising as a result of the conveyance of the Project (other than the DCRWS Wastewater Transmission Project) or any portion thereof to the City, including, without limitation, any vendor's lien and/or privilege thereon. **THE CONVEYANCES BY THE AUTHORITY UNDER THIS SECTION ARE MADE WITHOUT WARRANTY, EITHER EXPRESS OR IMPLIED, AS TO MERCHANTABILITY, FITNESS FOR PARTICULAR USE OR ANY OTHER WARRANTY EXCEPT THOSE WARRANTIES SET FORTH IN ANY SPECIAL WARRANTY DEED.**

(c) The Authority shall never have the right to demand payment by the City of any obligations assumed by it or imposed on it under and by virtue of this Contract from funds raised or to be raised by taxes, and the obligations under this Contract shall never be construed to be a debt of such kind as to require the City to levy and collect a tax to discharge such obligation.

(d) The City represents and covenants that all payments to be made by it under this Contract shall constitute reasonable and necessary expenses of operation and maintenance of its combined waterworks and sewer system, as defined in Section 1502.056, Texas Government Code, and Section 30.030, Texas Water Code, and that all such payments will be made from the revenues of its combined waterworks and sewer system. The City represents and has determined that the services to be provided by the Project are necessary and essential to the present and future operation of its combined waterworks and sewer system, and that the Project constitutes the best available and most adequate method for obtaining the facilities as hereinbefore described, and, accordingly, all payments required by this Contract to be made by the City shall constitute reasonable and necessary operating and maintenance expenses of its combined waterworks and sewer system as described above, with the effect that the obligation to make such payments from revenues of such combined waterworks and sewer system shall have priority over any obligation to make any payments from such revenues of principal, interest or otherwise, with respect to all bonds or other obligations heretofore or hereafter issued by the City.

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

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

(f) In accordance with a written notice of the schedule of payments to be furnished by the Authority to the City, the City agrees to make the following payments to the Authority while any of the Authority's Bonds or interest thereon are outstanding and unpaid:

1. Such amounts, payable on or before the 5th business day preceding each principal and/or interest payment date on the Bonds, as are necessary to pay the principal and/or interest coming due on the Authority's Bonds on the next succeeding interest payment date, plus the fees and charges of the Paying Agent/Registrar for paying or redeeming the Bonds and/or interest thereon coming due on such date, and the fees of the Paying Agent/Registrar for transferring and registering the Bonds.
2. Such amounts, payable upon receipt of a statement therefor, as are necessary to pay, or reimburse the Authority for, the expenses or costs, including administrative and overhead expenses or costs, reasonably and necessarily incurred by the Authority and directly attributable and chargeable to the Bonds and the Project (other than the DCRWS Wastewater Transmission Project).
3. Such amounts as are necessary to make all payments or deposits required to be made into any special or reserve fund, or other account, established and/or maintained by the provisions of any Bond Resolution.

The foregoing notwithstanding, the costs of operating and maintaining the DCRWS Wastewater Transmission Project and the amounts necessary to pay, or reimburse the Authority for, the expenses or costs, including administrative and overhead expenses or costs, reasonably and necessarily incurred by the Authority and directly attributable and chargeable to the DCRWS Wastewater Transmission Project shall become obligations of the DCRWS and not the City.

(g) If, in addition to the amount initially issued, the Authority finds it necessary to issue Bonds for the purpose of completing the Project to the extent contemplated by this Contract, all of the amounts to be paid to or retained by the Authority under all Sections of this Contract shall be increased, and such increased amounts shall at all times be sufficient to pay the principal of and interest on all such Bonds and all other requirements in connection therewith. It is understood and agreed that the only source of funds for the Authority to acquire and complete the Project is from the issuance and sale of its Bonds (including additional bonds) pursuant to this Contract.

(h) Recognizing the fact that the City urgently requires the facilities of the Project, and that such facilities are essential and necessary for actual use and for standby purposes, and recognizing the fact that the Authority will use payments received from the City to pay and secure the Bonds, it is hereby agreed that, once Bonds are issued, the City shall be unconditionally obligated to pay, without offset or counterclaim, its payments under this Contract, including the indemnities as provided and determined by this Contract, regardless of whether or not the Authority actually acquires, constructs or completes the Project or is actually providing the facilities of the Project to the City hereunder, or whether or not the City actually uses the facilities or services of the Project whether due to Force Majeure or any other reason whatsoever, regardless of any other provisions of this or any other contract or agreement between any of the parties hereto. This covenant by the City shall be for the benefit of and enforceable by the owners of the Bonds and/or the Authority.

(i) All amounts due and owing to the Authority by the City shall, if not paid when due, bear interest at the rate of ten (10) percent per annum from the date when due until paid. However, the Authority shall pursue all legal remedies against the City to enforce and protect the rights of the Authority and the owners of the Bonds, and the City shall not be relieved of the liability to the Authority for the payment of all amounts which are due it hereunder. If any amount due and owing by the City to the Authority is placed with an attorney for collection, the City shall pay to the Authority all actual and reasonable attorneys' fees, in addition to all other payments provided for herein, including interest.

Section 7. ACQUISITION. The City and the Authority agree to proceed promptly with the acquisition, by purchase and construction, of the Project. The Project shall be acquired and constructed by the Authority in accordance with the terms of this Contract with all reasonable dispatch, and the Authority will diligently pursue such acquisition and construction in order that it may be completed as soon as practicable, delays incident to events of Force Majeure only excepted; but if for any reason there should be delays in or the entire failure of such acquisition and construction, there shall be no diminution in or postponement of the payments to be made by the City hereunder and no resulting liability on the part of the Authority.

Section 8. INDEMNIFICATION. After the Completion Date, and so long as the Bonds are outstanding and unpaid, and also with respect to any claim that may arise out of the offer and sale of the Bonds of any series or the alleged misstatement or omission of a material fact in or from any sale and offering documents used in connection therewith, to the extent permitted by law, the City, to the extent permitted by law, agrees to indemnify and save and hold harmless the Authority, its officers, directors, agents, attorneys and employees from and against all claims that may arise as a result of any undertaking, act or omission, whether negligent or not, which is done or omitted to be done by the City or any of its officers, councilmembers, agents, attorneys and employees, in operating and maintaining the Project (other than the DCRWS Wastewater Transmission Project) or providing information for inclusion in such sale and offering documents. If any such claim is brought against any such

indemnified person, the City shall pay all costs incurred by such person in defending and (subject to applicable rules of attorney conduct) may control the defense of such claim. Nothing contained herein shall ever be construed so as to require City to assess, levy and collect any tax to fund this indemnification obligation.

Section 9. DCRWS WASTEWATER TRANSMISSION PROJECT. From and after the Completion Date, any costs of improving, expanding, repairing, replacing, operating and maintaining the DCRWS Wastewater Transmission Project shall be borne by the DCRWS and not the City. From and after the Completion Date, to the extent permitted by law, the Authority agrees to indemnify and save and hold harmless the City, its officers, directors, agents, attorneys and employees from and against all claims that may arise as a result of any undertaking, act or omission, whether negligent or not, which is done or omitted to be done by the Authority or any of its officers, directors, agents, attorneys and employees in improving, expanding, repairing, replacing, operating and maintaining the DCRWS Wastewater Transmission Project. However, this indemnity applies only to the extent of the Authority's public liability insurance coverage for a claim, the amount of which coverage shall not be less than \$1,000,000 in the aggregate per event for personal injury and \$500,000 in the aggregate per event for property damage. If any such claim is brought against any such indemnified person, the Authority shall pay all costs incurred by such person in defending and (subject to applicable rules of attorney conduct) may control the defense of such claim. The Authority's indemnity under this paragraph shall not exceed the amounts paid under the Authority's insurance coverage.

Section 10. CONDITIONS PRECEDENT. The obligation on the part of the Authority to acquire, by purchase and construction, the Project shall be:

- (a) conditioned upon the Authority's ability to obtain all necessary land and interests therein, permits, material, labor and equipment, and upon the ability of the Authority to finance the cost of the Project through the actual sale of the Bonds; and
- (b) subject to all present and future valid laws, orders, rules and regulations of the United States of America, the State of Texas, and any regulatory body having jurisdiction.

Section 11. USE OF CITY'S PUBLIC PROPERTY. By these presents, City authorizes use by the Authority of any and all real property, streets, alleys, public ways and places, and general utility, water, or sewer easements of the City for acquisition and construction of the Project and City will provide written evidence of such authorization upon request by Authority.

Section 12. FORCE MAJEURE. If, by reason of Force Majeure, any party hereto shall be rendered unable wholly or in part to carry out its obligations under this agreement then such party shall give notice and full particulars of such Force Majeure in writing to the other party within a reasonable time after occurrence of the event or cause relied upon, and the obligation of the party giving such notice, so far as it is affected by such Force Majeure, shall be suspended during the continuance of the inability then claimed, except as hereinafter provided, but for no longer period, and any such party shall endeavor to remove or overcome such inability with all reasonable dispatch. The term Force Majeure as employed herein, shall mean acts of God, strikes, lockouts, or other industrial disturbances, acts of public enemy, orders of any kind of the Government of the United States or the State of Texas or any civil or military authority, insurrections, riots, epidemics, landslides, lightning, earthquake, fires, hurricanes, storms, floods, washouts, droughts, arrests, restraint of government and people, civil disturbances, explosions, breakage or accidents to machinery, pipelines or canals, or other causes not reasonably within the control of the party claiming such inability. It is understood and agreed that the settlement of strikes and lockouts shall be entirely within the discretion of the party having the difficulty, and that the above requirement that any Force Majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes and lockouts by acceding to the demands of the opposing party or parties when such settlement is unfavorable to it in the judgment of the party having the difficulty. It is specifically excepted and provided, however, that in no event shall any Force Majeure relieve the City of its obligation to make payments to the Authority as required under Section 6 of this Contract.

Section 13. TERM OF CONTRACT; MODIFICATION; NOTICES; STATE OR FEDERAL LAWS, RULES, ORDERS OR REGULATIONS. (a) This Contract shall be effective from and after its date, and this Contract shall continue in force and effect until the principal of and interest on all Bonds shall have been paid.

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

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

when received by the party to be notified. For the purposes of notice, the addresses of the parties shall, until changed as hereinafter provided, be as follows:

If to the Authority, to:

Trinity River Authority of Texas
5300 South Collins Street
Arlington, Texas 76018

If to the City, to:

City of Fort Worth
1000 Throckmorton
Fort Worth, Texas 76102

Copy to:

City Attorney
City of Fort Worth
1000 Throckmorton
Fort Worth, Texas 76102

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

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

Section 14. SEVERABILITY. The parties hereto specifically agree that in case any one or more of the sections, subsections, provisions, clauses or words of this Contract or the application of such sections, subsections, provisions, clauses or words to any situation or circumstance should be, or should be held to be, for any reason, invalid or unconstitutional, under the laws or constitutions of the State of Texas or the United States of America, or in contravention of any such laws or constitutions, such invalidity, unconstitutionality or contravention shall not affect any other sections, subsections, provisions, clauses or words of this Contract or the application of such sections, subsections, provisions, clauses or words to any other situation or circumstance, and it is intended that this Contract shall be severable and shall be construed and applied as if any such invalid or unconstitutional section, subsection, provision, clause or word had not been included herein, and the rights and obligations of the parties hereto shall be construed and remain in force accordingly.

Section 15. VENUE. All amounts due under this Contract, including, but not limited to, payments due under this Contract for damages for the breach of this Contract, shall be paid and be due in Tarrant County, Texas, which is the County in which the principal administrative offices of the Authority are located. It is specifically agreed among the parties to this Contract that Tarrant County, Texas, is the place of performance of this Contract; and in the event that any legal proceeding is brought to enforce this Contract or any provision hereof, the same shall be brought in Tarrant County, Texas.

SELECTED PROVISIONS OF THE RESOLUTION

Certain provisions of the Resolution authorizing the Bonds are substantially as set forth below. Reference is hereby made to the full and complete Resolution. For additional information, copies of the Resolution are available upon request from the Financial Advisor.

Section 5. PLEDGE. It is specifically recognized that the City is required to make payments to the Issuer pursuant to the Contract, and particularly under Section 6 thereof, sufficient to enable the Issuer to make all deposits and payments provided for herein, and that the Bonds, together with any outstanding Series 2002 Bonds (collectively, the "Parity Bonds"), and the interest thereon, are and shall be payable on a parity solely from and secured by a first lien on and pledge of all of the gross revenues or payments received by the Issuer from the City under the Contract (hereinafter called the "Gross Revenues"), and said Gross Revenues are further pledged to the establishment and maintenance of the Funds hereinafter confirmed.

Section 6. REVENUE FUND. There has been created and there shall be established and maintained on the books of the Issuer, and accounted for separate and apart from all other funds and accounts of the Issuer, a special fund to be entitled the "Trinity River Authority of Texas City of Fort Worth Water and Wastewater Transmission Contract (Sendera Ranch Project) Revenue Bonds Revenue Fund" (hereinafter called the "Revenue Fund"). All Gross Revenues shall initially be credited to the Revenue Fund promptly as they become available.

Section 7. INTEREST AND REDEMPTION FUND. For the sole purpose of paying the principal of and interest on all Parity Bonds and any Additional Bonds, as the same come due, there has been created and there shall be established and maintained on the books of the Issuer, and accounted for separate and apart from all other funds and accounts of the Issuer, a separate fund to be entitled the "Trinity River Authority of Texas City of Fort Worth Water and Wastewater Transmission Contract (Sendera Ranch Project) Revenue Bonds Interest and Redemption Fund" (hereinafter called the "Interest and Redemption Fund").

Section 8. DEPOSITS OF GROSS REVENUES; INVESTMENTS. (a) The Gross Revenues shall be transferred from the Revenue Fund and deposited into the Interest and Redemption 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 Parity Bonds, and shall be promptly sold and the proceeds of sale applied to the making of all payments required to be made from the Fund from which the investment was made. All earnings from the deposit or investment of any such Fund shall be credited to such Fund. All investment earnings on deposit in the Interest and Redemption Fund shall reduce the amounts which otherwise would be required to be deposited therein, with the result that the City's principal and/or interest payments under the Contract shall be reduced accordingly.

Section 9. FUNDS SECURED. Money in all Funds created by this Resolution, to the extent not invested, shall be secured in the manner prescribed by law for securing funds of the Issuer.

Section 10. DEBT SERVICE REQUIREMENTS. The Issuer shall transfer Gross Revenues from the Revenue Fund and deposit them to the credit of the Interest and Redemption Fund in the amounts, and at the times, as follows:

on or before the first principal and/or interest payment date for the Parity Bonds after adoption of this Resolution, and semiannually thereafter, on or before February 1 and August 1 of each year, 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 Parity Bonds on each such February 1 or August 1.

Section 11. DEFICIENCIES; EXCESS GROSS REVENUES. (a) If on any occasion there shall not be sufficient Gross Revenues to make the required deposits into the Interest and Redemption Fund, then such deficiency shall be made up as soon as possible from the next available Gross Revenues.

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

Section 12. PAYMENT OF PARITY BONDS AND ADDITIONAL BONDS. On or before the first principal and/or interest payment date for the Parity Bonds after adoption of this Resolution, and semiannually on or before each February 1 and August 1 thereafter while any of the Parity Bonds or Additional Bonds are outstanding and unpaid, the Issuer shall make available to the Paying Agent/Registrar therefor, out of the Interest and Redemption Fund, money sufficient to pay such interest on and such principal of the Parity Bonds and Additional Bonds as will be payable on each such February 1 and August 1.

Section 13. 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 the purpose of completing the acquisition, by purchase and construction, of the Project in accordance with the Contract, or for the purpose of refunding any Parity Bonds or Additional Bonds and/or the interest thereon, or refunding any such refunding bonds and/or the interest thereon. Such Additional Bonds, if and when authorized, issued, and delivered in accordance with the provisions hereof, shall be secured by and made payable equally and ratably on a parity with the Parity Bonds, from a first lien on and pledge of the Gross Revenues.

(b) The Interest and Redemption Fund established pursuant to this Resolution shall secure and be used to pay all Additional Bonds as well as the Parity Bonds, all on a parity. However, each resolution under which Additional Bonds are issued shall provide and require that, in addition to the amounts required by the provisions of this Resolution and the provisions of each resolution authorizing Additional Bonds to be deposited to the credit of the Interest and 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.

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

Section 14. 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 General Manager or the President and the Secretary of the Board of Directors of the Issuer sign a written certificate to the effect (i) that the Issuer is not in default as to any covenant, condition or obligation in connection with all outstanding Parity Bonds and Additional Bonds, and the resolutions authorizing the same, that

the Interest and Redemption Fund contains the amount then required to be therein, and (ii) the Contract is in full force and effect and no default exists in connection therewith.

Section 15. 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 Parity Bonds and any Additional Bonds, and in each and every Parity Bond and Additional Bond; that it will promptly pay or cause to be paid the principal of and interest on every Parity Bond and Additional Bond, on the dates and in the places and manner prescribed in such resolutions and Parity Bonds or Additional Bonds, and that it will, at the times and in the manner prescribed, deposit or cause to be deposited the amounts required to be deposited into the Interest and Redemption Fund and any owner of the Parity Bonds or Additional Bonds may require the Issuer, its Board of Directors, and its officials and employees, to carry out, respect or enforce the covenants and obligations of each resolution authorizing the issuance of the Parity Bonds and Additional Bonds, by all legal and equitable means, including specifically, but without limitation, the use and filing of mandamus proceedings, in any court of competent jurisdiction, against the Issuer, its Board of Directors and its officials and employees.

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

(c) That other than for the payment of the Parity Bonds, the Gross 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 Parity 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 Gross 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 City to carry out all of its obligations under the Contract, for the benefit of the Issuer and the owners of the Parity Bonds and Additional Bonds by all legal and equitable means, including the use of mandamus proceedings against the City; and the Contract 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 Parity Bonds and Additional Bonds.

Section 16. BONDS ARE SPECIAL OBLIGATIONS. The Parity Bonds shall be special obligations of the Issuer payable solely from the Gross Revenues, and the registered owner or owners of the Parity Bonds shall never have the right to demand payment thereof out of funds from any source other than specified in this Resolution.

Section 17. AMENDMENT OF RESOLUTION. (a) The registered owners of Parity Bonds and Additional Bonds (for purposes of this sentence only, 100% of the aggregate principal amount of Parity Bonds or Additional Bonds which are insured by a bond insurance provider at the time that the Authority seeks approval of an amendment shall be deemed to be owned by such bond insurance provider) aggregating a majority in principal amount of the aggregate principal amount of then outstanding Parity Bonds and Additional Bonds shall have the right from time to time to approve any amendment to any resolution authorizing the issuance of any Parity Bonds or Additional Bonds, which may be deemed necessary or desirable by the Issuer, provided, however, that nothing herein contained shall permit or be construed to permit the amendment of the terms and conditions in said resolutions or in the Parity Bonds or Additional Bonds so as to:

- (1) Make any change in the maturity of the outstanding Parity Bonds or Additional Bonds;
- (2) Reduce the rate of interest borne by any of the outstanding Parity Bonds or Additional Bonds;
- (3) Reduce the amount of the principal payable on the outstanding Parity Bonds or Additional Bonds;
- (4) Modify the terms of payment of principal of or interest on the outstanding Parity Bonds or Additional Bonds, or impose any conditions with respect to such payment;
- (5) Affect the rights of the owners of less than all of the Parity Bonds and Additional Bonds then outstanding;
- (6) Change the minimum percentage of the principal amount of Parity Bonds and Additional Bonds necessary for consent to such amendment.

(b) If at any time the Issuer shall desire to amend a resolution under this Section, the Issuer shall cause notice of the proposed amendment to be published in a financial newspaper or journal published in The City of New York, New York, once during each calendar week for at least two successive calendar weeks. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy thereof is on file at the principal office of each Paying Agent/Registrar for the

Parity Bonds and Additional Bonds, for inspection by all owners of Parity Bonds and Additional Bonds. Such publication is not required, however, if notice in writing is given to the owner of each of the Parity Bonds and Additional Bonds.

(c) Whenever at any time not less than thirty days, and within one year, from the date of the first publication of said notice or other service of written notice the Issuer shall receive an instrument or instruments executed by the owners of at least a majority in aggregate principal amount of all Parity Bonds and Additional Bonds then outstanding, which instrument or instruments shall refer to the proposed amendment described in said notice and which specifically consent to and approve such amendment in substantially the form of the copy thereof on file as aforesaid, the Issuer may adopt the amendatory resolution in substantially the same form.

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

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

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

(g) Notwithstanding any of the foregoing provisions of this Section, if there has been filed with any Paying Agent/Registrar for any Parity Bond a bond insurance policy, or a certified copy thereof, with respect to any Parity Bond, no consent by the registered owner of such Parity Bond to the execution of any amendment to any resolution authorizing any Parity Bonds shall be effective unless the entity which so insured such Parity Bond, or its successor, consents in writing to the execution of such amendment.

Section 18. 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 Gross Revenues herein pledged 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 18(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 18(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 19. **DAMAGED, MUTILATED, LOST, STOLEN OR DESTROYED BONDS.** (a) Replacement Bonds. In the event any outstanding Bond is damaged, mutilated, lost, stolen or destroyed, the Paying Agent/Registrar shall cause to be printed, executed and delivered, a new bond of the same principal amount, maturity and interest rate, as the damaged, mutilated, lost, stolen or destroyed Bond, in replacement for such Bond in the manner hereinafter provided.

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

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

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

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

Section 20. **CUSTODY, APPROVAL, AND REGISTRATION OF BONDS; BOND COUNSEL'S OPINION, CUSIP NUMBERS, AND INSURANCE.** The President of the Board of Directors and the General Manager 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 their investigation, examination, and approval by the Attorney General of the State of Texas, and their registration by the Comptroller of Public Accounts of the State of Texas. Upon registration of the Bonds said Comptroller of Public Accounts (or a deputy designated in writing to act for said Comptroller) shall manually sign the Comptroller's Registration Certificate on the Bonds, and the seal of said Comptroller shall be impressed, or placed in facsimile, on the Bonds. The approving legal opinion of the Issuer's Bond Counsel and the assigned CUSIP numbers may, at the option of the Issuer, be printed on the Bonds or on any Parity Bonds issued and delivered in conversion of and exchange or replacement of any Bond, but neither shall have any legal effect, and shall be solely for the convenience and information of the registered owners of the Bonds. If insurance is obtained on any of the Bonds, the Bonds and all other Bonds shall bear an appropriate legend concerning insurance as provided by the insurer.

Section 21. **FURTHER PROVISIONS AND PROCEDURES.** The President, Vice President, Secretary and any Assistant Secretary of the Board of Directors of the Issuer, the General Manager of the Issuer and all other officers, employees and agents of the Issuer, and each of them, shall be and they are hereby expressly authorized, empowered and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge and deliver in the name and under the corporate seal and on behalf of the Issuer a Letter of Representation with DTC regarding the Book-Entry Only System, the Paying Agent/Registrar Agreement with the Paying Agent/Registrar and all other instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Resolution, the Letter of Representation, the Bonds, the sale of the Bonds and any document offering the Bonds for sale. 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 22. 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 City, the Issuer and the City 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 City 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, to request and use its best efforts to obtain the financial information and operating data from the City 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 Agreement), 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 24. COVENANTS REGARDING TAX-EXEMPTION. The Issuer covenants to take any action necessary to assure, or refrain from any action which would adversely affect, the treatment of the Bonds as obligations described in section 103 of the Code, the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation. In furtherance thereof, the Issuer covenants as follows:

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

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

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

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

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

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

(1) proceeds of the Bonds invested for a reasonable temporary period of 3 years or less or, in the case of a refunding bond, for a period of 30 days or less 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); and

(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.

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

Section 25. INTEREST EARNINGS ON BOND PROCEEDS. Interest earnings derived from the investment of proceeds from the sale of the Bonds shall be used along with other bond proceeds for the purpose for which the Bonds are issued set forth in Section 1 hereof; provided that after completion of such purpose, if any of such interest earnings remain on hand, such interest earnings shall be deposited in the Interest and Redemption Fund. It is further provided, however, that any interest earnings on bond proceeds which are required to be rebated to the United States of America pursuant to Section 24 hereof in order to prevent the Bonds from being arbitrage bonds shall be so rebated and not considered as interest earnings for the purposes of this Section.

Section 26. **DISPOSITION OF PROJECT.** The Issuer covenants that the property constituting the Project financed with the proceeds of the Refunded Bonds will not be sold or otherwise disposed in a transaction resulting in the receipt by the Issuer of cash or other compensation, unless the Issuer obtains an opinion of nationally-recognized bond counsel that such sale or other disposition will not adversely affect the tax-exempt status of the Bonds. For purposes of the foregoing, the portion of the property comprising personal property and disposed in the ordinary course shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes hereof, the Issuer shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

Section 27. **SECURITY INTEREST.** Chapter 1208, Government Code, applies to the issuance of the Bonds and the pledge of the revenues granted by the Issuer under Section 5 of this Resolution, and is therefore valid, effective, and perfected. If Texas law is amended at any time while the Bonds are outstanding and unpaid such that the pledge of the revenues granted by the Issuer under Section 5 of this Resolution is to be subject to the filing requirements of Chapter 9, Business & Commerce Code, then in order to preserve to the registered owners of the Bonds the perfection of the security interest in said pledge, the Issuer agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Business & Commerce Code and enable a filing to perfect the security interest in said pledge to occur.

Section 29. **EXPIRATION OF AUTHORIZATION.** The authority of the Authorized Officer to sell the Bonds 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 30. **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.

THE AUTHORITY

THE AUTHORITY’S ACTIVITIES

1. **Master Planning.** After a series of public hearings, the Authority adopted the original master plan in April 1958. The purpose of the Master Plan is to define and provide a course of action for the Authority to achieve water and soil conservation goals for which purpose the Authority was established by the State of Texas Legislature. The Master Plan goals can generally be described as: to improve the quality of water within the Trinity River Basin in order to provide supplies of good quality water for all beneficial purposes, conserve water and soil resources, reduce flooding, promote water oriented recreation, preserve natural areas, promote the diversity and productivity of aquatic life, and foster an understanding of the complex interrelationships among people, resources, economy and the environment in the basin. The Authority’s Board of Directors reviews the status of the master plan annually and amends the master plan periodically when it is deemed necessary.
2. **Federal Projects.** By various resolutions, the Authority has agreed to serve as the local sponsor of the Navarro Mills Reservoir, Bardwell Reservoir, Joe Pool Lake and the Wallisville Salt Water Barrier Project in cooperation with local municipalities or districts that benefit from these projects.
3. **Revenue-Based Projects.** The Authority, without collecting any property taxes, has implemented service projects serving cities, communities and other special districts throughout the Trinity River Basin. The majority of these funds for these projects have come from the sale of tax-exempt contract service revenue bonds, service payments from customers, federal grants and long-term federal loans. The Authority has responsibility for operating certain of these projects (referred to below as “Operating”). Persons other than the Authority operate the remainder of these projects (referred to below as “Non-Operating”). These projects and those served include:

THE AUTHORITY’S REVENUE-BASED PROJECTS

Project Name (Operating)	Cities and Communities Serviced or to be Served
Central Regional Wastewater System	Addison, Arlington, Bedford, Carrollton, Cedar Hill, Colleyville, Coppell, Dallas, Dallas/Fort Worth International Airport Board, Duncanville, Euless, Farmers Branch, Fort Worth, Grand Prairie, Grapevine, Hurst, Irving, Keller, Mansfield, North Richland Hills, and Southlake
Ten Mile Creek Regional Wastewater System	Cedar Hill, DeSoto, Duncanville, Ferris, and Lancaster
Denton Creek Regional Wastewater Treatment System	Argyle, Circle T Municipal Utility District No. 1, Circle T Municipal Utility District No. 3, Flower Mound, Fort Worth, Haslet, Keller, Northlake, Roanoke, Southlake and Westlake.
Red Oak Creek Regional Wastewater Project	Cedar Hill, DeSoto, Glenn Heights, Lancaster, Ovilla, and Red Oak

Mountain Creek Regional Wastewater System	Grand Prairie, Midlothian and Venus
Tarrant County Water Supply Project	Bedford, Colleyville, Euless, Grapevine, and North Richland Hills
Huntsville Regional Water Supply System	Huntsville
Livingston Regional Water Supply System	Livingston
Trinity County Regional Water Supply System	Glendale Water Supply Corp, Groveton, Riverside Water Supply Corp, Trinity, Trinity Rural Water Supply Corp and Westwood Shores MUD.
Lake Livingston—Wallisville Project	Houston, 21 lakeside communities (and two industries)
Livingston Recreation Facilities	Serving the General Public

Project Name (Non-Operating)	Cities and Entities Served
Walker-Calloway Branches Outfall Line	Hurst and North Richland Hills
Northeast Lakeview Project	Cedar Hill, Grand Prairie
Lakeview Regional Water Supply Project	Cedar Hill, Duncanville, and Grand Prairie
Summit Regional Water Storage Project	Cedar Hill and Duncanville
Navarro Mills Reservoir	Coolidge, Corsicana, Dawson, and Hubbard (and one industry)
Bardwell Reservoir	Ennis and Ellis County WCID #1
Joe Pool Lake Project	Cedar Hill, Duncanville, Grand Prairie, and Midlothian
Ellis County Regional Water Supply Project	Cities of Ferris, Italy, Maypearl, Midlothian, Palmer and Red Oak; Ellis County WC&ID No. 1, Rockett Special Utility District, Avalon Water and Sewer Service Corporation, Boyce, Bristol, Nash-Forrester, and Buena Vista-Bethel Water Supply Corporations.
Freestone Raw Water Supply Project	Freestone Power Generation LP
Ennis Raw Water Supply Project	Ennis
Midlothian Raw Water Supply Project	Midlothian
Huntsville Wastewater Treatment Facilities	Huntsville
Denton Creek Wastewater Pressure Interceptor	Southlake
Cade Branch Interceptor	Fort Worth, Keller
Denton Creek Wastewater Interceptor System (Fort Worth Project)	Fort Worth
Fort Worth Sendera Ranch Project	Fort Worth
Pollution Control Facilities	Community Waste Disposal, Inc and Texas Utilities Electric Co.
Denton Creek Wastewater Transportation Project	Argyle, Flower Mound and Northlake

THE FUTURE ROLE OF THE AUTHORITY

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

1. Master Planning.

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

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

3. Tributary Lakes. The revised master plan calls for the construction, as needed, of thirteen lakes on mid-basin tributaries. Of these thirteen, the Authority will serve as the planning and implementing agency for eleven: Upper Keechi, Big Elkhart, Hurricane Bayou, Lower Keechi, Bedias, Nelson, Harmon, Gail, Mustang, Caney, and Long King.

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

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

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

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

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

PENSION PLAN

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

OTHER OUTSTANDING INDEBTEDNESS OF THE AUTHORITY

The Authority has other outstanding indebtedness which is listed below. The other outstanding indebtedness is not payable from Gross Revenues which provide payment for the Bonds and are not Parity Bonds as defined in the Resolution.

<u>Bond Issues:</u>	<u>Outstanding September 1, 2011</u>
Central Regional Wastewater System	\$ 795,695,000 ⁽¹⁾
Community Waste Disposal, Inc.	19,790,000
Denton Creek Regional Wastewater Treatment System	88,270,000 ⁽¹⁾⁽³⁾
Denton Creek Wastewater Pressure Interceptor System	2,060,000
Denton Creek Wastewater Interceptor(Fort Worth Project)	1,235,000
Cade Branch Wastewater Interceptor	375,000
Ellis County (Bristol and Buena Vista-Bethel Corps. Water Supply Project)	7,000
City of Fort Worth Water & Wastewater Transmission Contract (Sendora Ranch Project)	495,000 ⁽²⁾
General Improvement	3,245,000
City of Huntsville Sewer System Project	740,000
Huntsville Regional Water Supply System	8,415,000
Livingston Regional Water Supply Project	2,715,000
Mountain Creek Regional Wastewater System	1,775,000 ⁽¹⁾
Northeast Lakeview Wastewater Transportation Project	15,630,000
Red Oak Creek Regional Wastewater System	43,890,000 ⁽¹⁾
Tarrant County Water Project	147,370,000
Ten Mile Creek Regional Wastewater System	93,885,000 ⁽¹⁾
Texas Utilities Electric Company Pollution Control	51,075,000
Town of Flower Mound Wastewater Transportation Project	4,585,000
Trinity County Regional Water Supply System Project	1,185,000
SUB-TOTAL	\$ 1,282,437,000
⁽¹⁾ Additional bonds have been issued and are expected to be delivered during within the next 30 days.	
Central Regional Wastewater System Revenue Bonds, Series 2011A	\$ 108,395,000
Denton Creek Regional Wastewater Treatment System Revenue Bonds, Series 2011A	37,765,000
Mountain Creek Regional Wastewater System Revenue Bonds, Series 2011	11,015,000
Red Oak Creek Regional Wastewater System Revenue Bonds, Series 2011	11,710,000
Ten Mile Creek Regional Wastewater System Revenue Bonds, Series 2011	27,690,000
City of Fort Worth Water & Wastewater Transmission Contract (Sendora Ranch Project) Revenue Refunding Bonds, Series	6,795,000
SUB-TOTAL	\$ 1,485,807,000
THE BONDS	\$ 9,655,000
TOTAL	\$ 1,495,462,000

⁽²⁾ Excludes the Series 2002 Refunded Bonds that were refunded by the City of Fort Worth Water & Wastewater Transmission Contract (Sendora Ranch Project) Revenue Refunding Bonds, Series 2011 scheduled to close November 4, 2011.

⁽³⁾ Excludes the Series 2000 and 2003 Refunded Bonds that were refunded by The Bonds.

In addition to the preceding statement of indebtedness, the Trinity River Authority has three outstanding contracts with the United States of America for water rights or flood control.

<u>Project</u>	<u>Outstanding September 1, 2011</u>
Bardwell Reservoir (City of Ennis & Ellis Co. WCID #1)	\$ 1,270,055
Joe Pool Lake (Cities of Cedar Hill, Duncanville, Grand Prairie, and Midlothian)	68,021,686
Wallisville Lake(City of Houston)	9,487,953
	\$ 78,779,694

TAX MATTERS

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

In rendering its opinion, Bond Counsel will rely upon (a) certain information and representations of the Issuer, including information and representations contained in the Issuer's federal tax certificate, (b) covenants of the Issuer contained in the Bond documents relating to certain matters, including arbitrage and the use of the proceeds of the Bonds and the Refunded Bonds and the property financed or refinanced therewith and (c) the sufficiency report prepared by First Southwest Company. Failure by the Issuer to observe the aforementioned representations or covenants could cause the interest on the Bonds to become taxable retroactively to the date of issuance.

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

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

A ruling was not sought from the Internal Revenue Service by the Issuer with respect to the Bonds or the property financed or refinanced with proceeds of the Bonds or the Refunded Bonds. No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Bonds. Bond Counsel's opinion is not binding on the Internal Revenue Service. If an Internal Revenue Service audit is commenced, under current procedures the Internal Revenue Service is likely to treat the Issuer as the taxpayer and the Bondholders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

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

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

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

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

of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Original Issue Discount Bond.

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

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

The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, such as financial institutions, property and casualty insurance companies, life insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals allowed an earned income credit, certain S corporations with accumulated earnings and profits and excess passive investment income, foreign corporations subject to the branch profits tax and taxpayers who may be deemed to have incurred or continued indebtedness to purchase tax-exempt obligations.

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

Interest on the Bonds will be includable as an adjustment for "adjusted current earnings" to calculate the alternative minimum tax imposed on corporations by section 55 of the Code.

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

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

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

FUTURE AND PROPOSED LEGISLATION...Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under Federal or state law and could affect the market price or marketability of the Bonds. On September 12, 2011, President Obama submitted to Congress a legislative proposal entitled the "American Jobs Act of 2011" (the "Jobs Act"). If enacted, as proposed, the Jobs Act would limit for certain individual taxpayers the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. On September 29, 2011, President Obama introduced the Debt Reduction Act of 2011 (the "Debt Act") which, as proposed, would require the Office of Management and Budget to establish steadily declining annual ratios for debt as a percentage of gross domestic product beginning in 2013. If the ratios were not met in any given year, automatic cuts in spending and tax preferences, such as tax-exempt interest, could be implemented. The likelihood of the Jobs Act and Debt Act being enacted in the form introduced or in some other form cannot be predicted. Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

CONTINUING DISCLOSURE OF INFORMATION

In Continuing Disclosure Agreement entered into between the Authority and the City, each has made the following respective agreements for the benefit of the holders and beneficial owners of the Bonds. The City and the Authority are required to observe the agreements for so long as the City remains obligated to advance funds to pay the Bonds. Under the agreements, the City will be obligated to provide certain updated financial information and operating data annually, and the Authority and the City will be obligated to provide timely notice of specified material events, to Municipal Securities Rulemaking Board (the "MSRB").

ANNUAL REPORTS . . . The City will provide certain updated financial information and operating data to the MSRB annually. The information to be updated includes all quantitative financial information and operating data with respect to the City of the general type included in Appendix B of this Official Statement. The City will update and provide this information within six months after the end of each fiscal year. The City will provide the updated information to the MSRB through the “EMMA” information system in accordance with recent amendments to Rule 15c2-12 (the “Rule”) promulgated by the United States Securities and Exchange Commission (the “SEC”).

The City may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12. The updated information will include audited financial statements, if the City commissions an audit and it is completed by the required time. If audited financial statements of the City are not available by the required time, the City will provide audited financial statements when and if the audit report becomes available. Any such financial statements will be prepared in accordance with generally accepted accounting principles in effect at the time or that the City may be required to employ from time to time pursuant to state law or regulation.

The City’s current fiscal year end is September 30. Accordingly, the City must provide updated information by March 31 in each year, unless the City changes its fiscal year. If the City changes its fiscal year, it will notify the MSRB of the change.

EVENT NOTICES . . . The Authority and the City will provide timely notices of certain events to the MSRB. The Authority will provide notice in an electronic format as prescribed by the MSRB, in a timely manner (but not in excess of ten business days after the occurrence of the event), of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the Authority; (13) the consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of the assets of the Authority, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (14) appointment of a successor Paying Agent/Registrar or change in the name of the Paying Agent/Registrar, if material. As used above, the phrase “bankruptcy, insolvency, receivership or similar event” means the appointment of a receiver, fiscal agent or similar officer for the Authority in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court of governmental authority has assumed jurisdiction over substantially all of the assets or business of the Authority, or if jurisdiction has been assumed by leaving the Board and officials or officers of the Authority in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Authority. Neither the Bonds nor the Resolution make any provision for liquidity enhancement. In addition, the City will provide timely notice of any failure by the City to provide information, data, or financial statements in accordance with its agreement described above under “Annual Reports.” The Authority or the City will provide each notice described in this paragraph to the MSRB.

AVAILABILITY OF INFORMATION . . . The Authority and the City have agreed to provide the foregoing information only to the MSRB. The SEC has approved amendments to the Rule, which became effective July 1, 2009. To make such continuing disclosure information available to investors free of charge, the MSRB has established the Electronic Municipal Market Access (“EMMA”) system. The City will be required to file their continuing disclosure information using the EMMA system. Investors will be able to access continuing disclosure information filed with the MSRB at <http://emma.msrb.org>.

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

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

next financial information and operating data provided in accordance with their respective agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

COMPLIANCE WITH PRIOR UNDERTAKINGS . . . In its past continuing disclosure undertakings relating to its Outstanding Parity Bonds, the Authority assumed certain responsibilities and the City assumed certain responsibilities. During the last five years, the Authority has complied in all material respects with all continuing disclosure undertakings made by it relating to its Outstanding Parity Bonds in accordance with SEC Rule 15c2-12.

Except as described below, during the last five years, the Authority has complied in all material respects with all continuing disclosure undertakings made by it, as an issuer of other bonds or as a contracting party relating to other system financings in accordance with SEC Rule 15c2-12. Due to an administrative oversight, the Authority did not timely file its audited financial statements for fiscal years ending 2006 and 2007 as required by a continuing disclosure undertaking as a contracting party for another system financing. In previous official statements, the Authority mistakenly stated it was in compliance with all of its prior continuing disclosure undertakings. All information has since been filed, including a notice of late filing. The Authority has implemented procedures to ensure timely filing of all future financial information as a contracting party.

During the last five years, the City has complied in all material respects with all continuing disclosure undertakings made by it in accordance with SEC Rule 15c2-12.

OTHER INFORMATION

RATING

The Bonds are rated "Aa1" by Moody's Investors Service, Inc. ("Moody's"). The Outstanding Parity Bonds of the Authority are also rated "Aa1" by Moody's, without regard to credit enhancement. An explanation of the significance of such rating may be obtained from Moody's. The rating reflects only the views of Moody's and the Authority makes no representation as to the appropriateness of the rating. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by Moody's, if in the judgment of Moody's, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds. Due to the ongoing uncertainty regarding the economy and debt of the United States of America, including, without limitation, the general economic conditions in the country and developments arising from the Budget Control Act of 2011, including the deliberations and results thereof of the Joint Select Committee on Deficit Reduction, and other political and economic developments that may affect the financial condition of the United States government, the United States debt limit, and the bond ratings of the United States and its instrumentalities, obligations issued by state and local governments, such as the Bonds, could be subject to a rating downgrade. Additionally, if a significant default or other financial crisis should occur in the affairs of the United States or of any of its agencies or political subdivisions, then such event could also adversely affect the market for and ratings, liquidity, and market value of outstanding debt obligations, including the Bonds.

LITIGATION

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

REGISTRATION AND QUALIFICATION OF BONDS FOR SALE

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

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code) provides that the Bonds are negotiable instruments governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State of Texas. With respect to investment in the Bonds by municipalities or other political subdivisions or public agencies of the State of Texas, the Public Funds Investment Act, Chapter 2256, Texas Government Code, requires that the Bonds be assigned a rating of not less than "A" or its equivalent as to investment quality by a national rating agency. See

“OTHER INFORMATION - Rating” herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with at capital of one million dollars or more, and savings and loan associations. The Bonds are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value. No review by the Authority has been made of the laws in other states to determine whether the Bonds are legal investments for various institutions in those states.

LEGAL OPINIONS AND NO-LITIGATION CERTIFICATE

The Authority will furnish a complete transcript of proceedings had incident to the authorization and issuance of the Bonds, including the approving legal opinion of the Attorney General of Texas approving the Bonds and to the effect that the Bonds are valid and legally binding special obligations of the Authority, and based upon examination of such transcript of proceedings, the approving legal opinion of Bond Counsel, to like effect and to the effect that the interest on the Bonds will be excludable from gross income for federal income tax purposes under Section 103(a) of the Code, subject to the matters described under “Tax Matters” herein, including the alternative minimum tax on corporations. Though it represents the Financial Advisor and the underwriter from time to time in matters unrelated to the issuance of the Bonds, Bond Counsel has been engaged by and only represents the Authority in the issuance of the Bonds. Bond Counsel was not requested to participate, and did not take part, in the preparation of the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify and of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information under captions “Plan of Financing,” “The Bonds” (exclusive of subcaptions “Book-Entry-Only System” and “Use of Bond Proceeds”), “Selected Contract Provisions,” “Selected Provisions of Bond Resolution,” “Tax Matters,” “Continuing Disclosure of Information” (except under the subcaption “Compliance with Prior Undertakings”), “Other Information - Registration and Qualification of Bonds for Sale,” “Other Information - Legal Investments and Eligibility to Secure Public Funds in Texas” and “Other Information - Legal Opinions and No-Litigation Certificate” in the Official Statement and such firm is of the opinion that the information relating to the Bonds and the legal issues contained under such captions and subcaptions is an accurate and fair description of the laws and legal issues addressed therein and, with respect to the Bonds, such information conforms to the Resolution. The legal fee to be paid to Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent on the sale and delivery of the Bonds. The legal opinion will accompany the Bonds deposited with DTC or will be printed on the Bonds in the event of the discontinuance of the Book-Entry-Only System. Certain legal matters will be passed upon for the Underwriter by Locke Lord LLP, counsel for the Underwriter. The legal fee to be paid to counsel for the Underwriter for services rendered in connection with the issuance of the Bonds is contingent on the sale and delivery of the Bonds.

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

AUTHENTICITY OF FINANCIAL DATA AND OTHER INFORMATION

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

FINANCIAL ADVISOR

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

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

UNDERWRITING

The Underwriter has agreed, subject to certain conditions, to purchase the Bonds from the Authority, at an underwriting discount of \$52,833.00. The Underwriter will be obligated to purchase all of the Bonds if any Bonds are purchased. The Bonds to be offered to the public may be offered and sold to certain dealers (including the Underwriter and other dealers depositing Bonds into investment trusts) at prices lower than the public offering prices of such Bonds, and such public offering prices may be changed, from time to time, by the Underwriter.

FORWARD-LOOKING STATEMENTS DISCLAIMER

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

The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial, and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the Authority. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

The pricing certificate to be executed by an Authorized Officer of the Authority, which certificate is a part of the Resolution authorizing the issuance of the Bonds, will also approve the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and authorize its further use in the reoffering of the Bonds by the Underwriter.

TRINITY RIVER AUTHORITY OF TEXAS

/s/ J. KEVIN WARD

J. KEVIN WARD

General Manager

SCHEDULE 1

REFUNDED BONDS

Trinity River Authority of Texas

City of Forth Worth Water and Wastewater

Transmission Contract (Sendera Ranch Project) Revenue Bonds, Series 2002

<u>Original Maturity</u>	<u>Interest Rates</u>	<u>Amount Refunded</u>	<u>Redemption Date</u>	<u>Redemption Price</u>
2/1/2013	4.125%	\$ 520,000	2/1/2012	Par
2/1/2014	4.200%	545,000	2/1/2012	Par
2/1/2015	4.300%	575,000	2/1/2012	Par
2/1/2016	4.500%	605,000	2/1/2012	Par
2/1/2017	4.600%	640,000	2/1/2012	Par
2/1/2018	4.700%	675,000	2/1/2012	Par
2/1/2019	4.800%	710,000	2/1/2012	Par
2/1/2020	4.900%	750,000	2/1/2012	Par
2/1/2021	5.000%	795,000	2/1/2012	Par
2/1/2022	5.000%	840,000	2/1/2012	Par
		<hr/> <u>\$6,655,000</u>		

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APPENDIX A

BIOGRAPHICAL INFORMATION

Board of Directors

and

Management Officers

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BOARD OF DIRECTORS

LINDA D. TIMMERMAN, Ed.D., of Streetman, Texas (president and member, executive committee). Timmerman coordinates strategic business development for Texas Dermatology Associates. She is a member of the Texas Association of Community College Teachers, the Corsicana Area Chamber of Commerce board of directors and Rotary International. Timmerman is active with the American Cancer Society, serving as a Reach-to-Recovery volunteer. She is past president of the National Council of Instructional Administrators and past president of the Texas Community College Instructional Administrators. Timmerman is a member of Lakeside United Methodist Church. Timmerman received a bachelor's degree and a doctorate from Texas A&M University-Commerce. Timmerman was reappointed director for Freestone County in 2008.

HAROLD L. BARNARD of Waxahachie, Texas (vice president and member, executive committee). Barnard is president and managing officer of Ellis County Abstract and Title Company Inc. In addition to being a member of the Texas Land Title Association and the Texas Association of Abstract and Title Agents, he is past president of the Waxahachie Chamber of Commerce and current director and past president of the Ellis County Museum board of directors. He is a director and president of the Waxahachie Foundation Inc. Barnard earned a bachelor's degree from the University of Texas at Arlington. He was reappointed as director for Ellis County in 2011.

MICHAEL CRONIN of Terrell, Texas (chairman, executive committee). Cronin is vice chairman of the board of directors of American National Bank of Texas. He is a member of the Independent Bankers Association of Texas and the Texas Bankers Association. He has served as president of the Terrell Economic Development Corporation since its inception in 1990. He is also president of the Terrell Industrial Foundation, a member and past chairman of the Terrell Chamber of Commerce and a member of the Terrell Rotary Club. Cronin earned a bachelor's degree from the University of North Texas. He was reappointed as director for Kaufman County in 2011.

PATRICIA CARLSON of Fort Worth, Texas (member, resources development committee). Carlson is vice president of Carlson Engineering Inc. She is a member of the Council for National Policy and a member of the Fort Worth Rotary Club. She served on the Southwestern Baptist Theological Seminary Advisory Council. Carlson is a graduate of Polytechnic High in Fort Worth and attended college. Carlson was appointed as director for Tarrant County in 2008.

WILLIAM W. COLLINS JR., of Fort Worth, Texas (member, resources development committee). Collins is an attorney in private practice. He is a member of the State Bar of Texas and the Tarrant County Bar Association. He is a trustee of the Modern Art Museum of Fort Worth, a member of the Fort Worth Rotary Club, and a life member of the Tarrant County Historical Society and the University of Texas Alumni Association. Collins is a past chair of the Texas Motor Vehicle Commission, past commissioner of the Texas Commission on the Arts, and a past member of the Fort Worth Transportation Authority executive committee. He is also past chair of the American Cancer Society-Fort Worth. Collins earned a bachelor's degree from the University of Texas at Austin and a law degree from the University of Tennessee Law School. Collins was appointed as director for Tarrant County in 2010.

CHRISTINA MELTON CRAIN of Dallas, Texas (member, legal committee). Crain is an attorney and president of Christina Melton Crain, PC. She is a director of the State Bar of Texas and a trustee of the Dallas Bar Foundation. She is a member of the Texas Transportation Advisory Committee, the University of Texas at Austin Chancellor's Council and the College of Liberal Arts Advisory Council. Crain is a board member of Big Brothers Big Sisters Lone Star and co-founder of Amachi Texas, a mentoring program for children of the incarcerated. She is director of the Texas Regional Advisory Board for the National Center for Missing and Exploited Children. She is chair of the Dallas One-Stop Optimized Re-entry System and re-entry co-chair of the Dallas County Criminal Justice Advisory Board. Crain is a member of the University of Texas at Dallas Center for Vital Longevity Advisory Council and a member of Altrusa International Inc. of downtown Dallas. She is director of the Oklahoma City University School of Law Executive Board as well as director of the Patriot PAWS Service Dogs Organization. Crain is past chair of the Texas Board of Criminal Justice and of the Windham School District board of trustees. She is past president of the Dallas Bar Association, the Dallas Women Lawyers Association and the Dallas Association of Young Lawyers. She is a former member of the Texas Correctional Managed Healthcare Committee as well as Leadership Texas and Leadership Dallas. She is a former director of the Baylor Healthcare System Foundation. Crain is a former sustainer of the Junior League of Dallas and a former member of the Texas Exes Council of the University of Texas at Austin. Crain received a bachelor's degree from the University of Texas at Austin and a law degree from the Oklahoma City University School of Law. Crain was appointed as director for Dallas County in 2011.

STEVE CRONIN of Shepherd, Texas (member, resources development committee). Cronin is director of transportation at the Coldspring Independent School District and the owner of Triple B Goat Ranch. He is a member of the Vocational Agricultural Teachers Association of Texas. He is a secretary/treasurer and past president of the County Farm Bureau. He serves as financial advisor for the Coldspring FFA Booster Club and on the San Jacinto County Fair Association Committee. He is a coach for the Dixie Youth League and a leader with 4-H. Cronin served more than seven years as an agriculture field representative for the Texas Farm Bureau and more than six years as an agriculture extension agent for the Texas A&M University System. He received a bachelor's and a master's degree from Sam Houston State University. Cronin was reappointed as director for San Jacinto County in 2011.

AMANDA B. DAVIS of Buffalo, Texas (member, administration committee). Davis is an assistant principal at Buffalo Elementary School in the Buffalo Independent School District. Davis is a member of the Texas Farm Bureau, the Leon County

Veterans Memorial Committee, the Science Teachers Association of Texas and the Elementary Principals Association. Davis earned a bachelor's degree from Sam Houston State University, graduating *magna cum laude*, and is pursuing a master's degree at Abilene Christian University. She is a member of the National Honor Society. Davis was reappointed as director for TRA's Leon County in 2011.

RONALD J. GOLDMAN of Fort Worth, Texas (member, utility services committee). Goldman is president of Ronnie's LLC, a real estate management company, and also is director of Liberty Bancshares. Goldman is a member of the World President's Organization, the Fort Worth Airpower Council and the Harris Methodist Leadership Council. Formerly, he was chairman of the Young President's Organization of West Texas and the Harris Methodist Development Board. He has served as a trustee for the Harris Methodist Health System and Harris Methodist, H.E.B. Goldman was founder, organizer and director of Summit Bancshares. He is past president of the Youth Orchestra of Greater Fort Worth and has served on the boards of the Fort Worth Symphony Orchestra, the Van Cliburn Association, the Arts Council of Fort Worth and Trinity Valley School. He is past president of the Seagram Family Association. Goldman earned a bachelor's degree from the University of Texas at Austin. He served in the Texas Army National Guard from 1965 to 1971. He was reappointed as director at large in 2009.

MARTHA A. HERNANDEZ of Burleson, Texas (member, legal committee). Hernandez is a retired nutritionist and jailor for the Tarrant County Sheriff's Department. She is a member of Congressman Joe Barton's Advisory Committee. Hernandez is past president of the Burleson Heritage Foundation and the Burleson Garden Club. She is also past chairman of the City of Burleson Parks Board and the Burleson Public Library Board, and she served on the Tarrant County Grand Jury. Hernandez volunteered for the U.S. Secret Service detail for a national political convention and has served at election polls since 1972. Hernandez served as a board member and organizer of the Fiesta de Burleson Cinco de Mayo Celebration from 1997 to 2003. She earned a bachelor's degree from Texas Wesleyan University. Hernandez was reappointed as director for Tarrant County in 2011.

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

KEITH W. KIDD of Dallas, Texas (member, legal committee). Kidd is president of Encino International and is a member of the Texas and Washington, D.C. Bar associations. Kidd received a bachelor's degree from Georgetown University, a master's degree from the University of Alabama and a law degree from the Texas Wesleyan School of Law. He has served with the U.S. Army Reserve since 1993 with a current rank of major. Kidd was appointed as director for Dallas County in 2008. Mr. Kidd resigned as a director of the Board effective September 30, 2011.

JESS A. LAIRD of Athens, Texas (member, administration committee). Laird is chief executive officer and president of First State Bank in Athens, Texas. He serves on the boards of directors of First State Bank in Athens, the Independent Bankers Association of Texas, the Athens Chamber of Commerce and the Trinity Valley Community College Foundation. He is treasurer of the Henderson County Salvation Army. Previously, Laird served as president of the Athens Rotary Club, as president and director of the Cain Center and as president and director of the American Heart Association. He served on the board of managers for the East Texas Medical Center, and he has served on the board of directors for the Region VII Education Service Center, the Henderson County United Way and Keep Athens Beautiful. He earned a bachelor's degree from Texas A&M University and a master's degree from the University of Texas in Tyler. Laird was appointed as director for Henderson County in 2008.

NANCY E. LAVINSKI of Palestine, Texas (member, executive committee and chair, administration committee). Lavinski is a retired educator with over sixteen years of classroom and departmental leadership experience in English and government. Currently she is co-managing partner of the Royalty Valuation Services Group and an advisory board member of Propensity, Ltd., a human resource advisory and consultancy. Lavinski is an active fundraiser for the American Cancer Society and served as co-chair of the 2004 Cattle Barons' Ball. She is a member of the Literary Review Society and serves on the staff-parish relations committee at the First United Methodist Church. Lavinski received a bachelor's degree from the University of Texas at Austin. She was reappointed as director for Anderson County in 2008.

DAVID B. LEONARD of Liberty, Texas (member, utility services committee). Leonard is the general manager and owner of Liberty-Dayton Chrysler, an auto dealership. He is a member of the Liberty-Dayton Chamber of Commerce and a member and past president of the Liberty Lions Club. Leonard is the director of the Knights of Columbus and a member of the Liberty Elks Lodge. He is past director of the Trinity Valley Exposition. He attended Lee College and was appointed as director for Liberty County in 2008.

ANDREW MARTINEZ of Huntsville, Texas (member, legal committee). Martinez is a retired construction safety supervisor for the Texas Department of Criminal Justice. He attended Sam Houston State Teachers College and is ordained as a Baptist minister. He has served as interim pastor at Faith Memorial Baptist Church and is now a member of the Second Baptist Church.

He has been active as a prison ministry volunteer for 32 years, including serving as facilitator for the voyager program at the Huntsville Prison Unit. Martinez is a past elected member of the Huntsville City Council and the Huntsville Independent School District board of trustees, and, a past chairman of the Republican Party of Walker County. He is a member of the World Safety Organization, the 32nd degree Scottish Rite, the Arabia Temple Shrine and the Huntsville Lions Club. Martinez is a charter member of the League of United Latin American Citizens and a member of the City of Huntsville Cultural Planning Council. He served on the City of Huntsville Arts Commission and currently serves on the Gulf Coast Trade Center board of trustees. Martinez was appointed as director for Walker County in 2004.

KEVIN MAXWELL of Crockett, Texas (member, utility services committee). Maxwell is president of S.C. Maxwell Co. Inc., a construction, real estate and ranching business. Maxwell is a member of the Texas Wildlife Association, a member of the Sharon Temple Shriners and a 32nd degree Scottish Rite mason. He is president of the Crockett Athletic Booster Club and a member of the Houston Livestock Show and Rodeo Committee. In the past, Maxwell has been chairman of the Crockett Area Chamber of Commerce, president of the Crockett Merchants Little League, master of the Lothrop Masonic Lodge and member of the Crockett Rotary Club. He earned a bachelor's degree from Sam Houston State University. Maxwell was reappointed as director for Houston County in 2009.

DENNIS "JOE" MCCLESKEY of Apple Springs, Texas (member, administration committee). McCleskey is owner of Angelina Excavating Inc. He is secretary/treasurer of the Piney Woods Chapter of the National Wild Turkey Federation and a member of the Texas Wildlife Association, the Lufkin Host Lions Club, and the Angelina County Youth Fair Buyers Group Committee. He is also past president of the Deep East Texas Association of Builders, a former committee member of the Hudson ISD Community Involvement Advisory Board, and a past volunteer with the Angelina County Habitat for Humanity. McCleskey was appointed director for Trinity County in 2011.

JAMES W. NEALE of Dallas, Texas (member, administration committee). Neale is president and owner of Quorum Energy Company, an exploration and production company in the oil and gas business. He is chairman of the District 9 advisory council for the Dallas Independent School District and a member of the Trinity Trust Foundation. Neale served as executive assistant to Governor Bill Clements and as an executive committee member for the Dallas Blue Foundation. He served a term as foreman for the Dallas County Grand Jury in January 2005. Neale earned a bachelor's degree from the University of Texas in Austin. He was appointed as director for Dallas County in 2008.

MANNY RACHAL of Livingston, Texas (member, utility services committee). Rachal is president of Shrimp Boat Manny's, an established seafood restaurant since 1985. He is a successful real estate developer in Polk and Angelina counties, creating both Rachal Properties and M&N Investments. He is a member of the Polk and Angelina County Chamber of Commerce. Rachal was previously an active member of the Lafayette, Louisiana, Jaycees and the Evangeline Area Boy Scouts Council. He attended the University of Southwestern Louisiana. Rachal was reappointed as director for Polk County in 2009.

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

ANA LAURA SAUCEDO of Dallas, Texas (member, executive committee and chair, resources development committee). Saucedo invests in residential property. She is a former news reporter for KLIF and KRLD radio in Dallas. Saucedo worked for the Office of Minority Business Enterprise, and the Department of Commerce and was instrumental in developing the Texas Association of Mexican American Chambers of Commerce and the U. S. Hispanic Chamber of Commerce. She spent twelve years volunteering with the Parent Teacher Association and was awarded a Life Member Honor by the Socorro Independent School District in El Paso, Texas. She was elected trustee of Socorro ISD and was appointed to the Texas Commission on Human Rights. She is currently the president of the Pike Park Preservation League and coordinates cultural and historical activities at one of the oldest parks in Dallas. Saucedo was reappointed as director for Dallas County in 2004.

SHIRLEY K. SEALE of Anahuac, Texas (member, resources development committee). Seale is a financial advisor for Edward Jones, an investments company. Seale is a member of the Chambers County Economic Development Board and a member of the West Chambers County Chamber of Commerce. She was a member of the board of directors for the Gulf Coast Waste Disposal Authority from 1997 to 2007. Seale served as a board member for the Chambers County Industrial Development Board and as fundraiser chairman for the Chambers County American Heart Association. She is a member of the Chambers County Republican Women where she served as treasurer, vice president and delegate to the State Republican Women's Association. Seale is a member of the First Baptist Church of Anahuac and has served as church treasurer for ten years. Seale is a graduate of

the Southwestern Graduate School of Banking and attended Lee College, Lamar University and Bank Operations School at East Texas State University. Seale was re-appointed as director for Chambers County in 2009.

J. CAROL SPILLARS of Madisonville, Texas (member, utility services committee). Spillars is a file manager for Linebarger Goggan Blair & Sampson, LLP and co-owner of Spillars Family JKBar Ranch. She retired from Madisonville Consolidated Independent School District after 26 years of service. Spillars is a past member of the Texas Association of School Business Officials and the Texas Association of School Boards. She is a certified educational office professional and a certified Texas school business specialist. Spillars was reappointed as director for Madison County in 2011.

KIM C. WYATT of Corsicana, Texas (member, executive committee and chairman, utility services committee). Wyatt is president of the Community National Bank & Trust of Texas and chief executive officer of Community Bank Holdings of Texas. He holds a bachelor's degree from Texas A&M University and graduated from the Southwest Graduate School of Banking. Wyatt is a former member of the planning and zoning board of the city of Corsicana. He is a member of the board of trustees of the First United Methodist Church, a member of the Corsicana Optimist Club and a member of Independent Order of Odd Fellows. Wyatt is treasurer of the Corsicana Livestock and Agricultural Center, a member of the Navarro County Extension Service Management Committee, a board member of the Garitty Charity Association and a member of the board of the Navarro Community Foundation. Wyatt is past president of the Corsicana Area Chamber of Commerce, past president of the Navarro County United Way and past president of the Optimist Club. He is a past three-term chairman of the Navarro County Youth Exposition. He is also a past board member of Camp Fire Girls, the Navarro County Agency for Retarded Citizens and the Corsicana YMCA. Wyatt is past president of the Navarro College Booster Club and past board member and treasurer of the Navarro College Foundation. Wyatt was reappointed as director for Navarro County in 2009.

MANAGEMENT OFFICERS

J. KEVIN WARD, General Manager. Ward's role as chief executive officer of TRA tasks him with oversight of the largest river authority in Texas and the largest wholesale provider of wastewater treatment services in the state. With the support of seven staff groups and more than 400 employees, Ward drives the implementation of board policy for the operation and development of five water treatment facilities, five wastewater treatment facilities and one recreation project, plus water sales from four reservoirs – all serving 63 wholesale customers including cities, municipalities or districts throughout the Trinity River basin. Ward is also charged with managing the Authority's assets of more than \$1.7 billion and a current operating budget of more than \$199 million.

Ward served as executive administrator of the Texas Water Development Board from May 2002 to February 2011 and in various other capacities at that state agency from 1987 to 2002. Under the direction of a six-member board appointed by the governor, the TWDB is responsible for planning the statewide development of water resources, financing water-related infrastructure, and maintaining and disseminating natural resource data for Texas, which includes water-bearing formations and watersheds.

Ward was the presiding officer of the Water Conservation Implementation Task Force, created through Senate Bill 1094, 78th Texas Legislature, which produced the Report to the 79th Legislature and the Best Management Practices Guide to encourage increased use of water conservation throughout the state. He is the immediate past president of the Council of Infrastructure Financing Authorities and was an active participant on the State/Environmental Protection Agency State Revolving Fund workgroup several years ago for implementing the Clean and Drinking Water State Revolving Fund programs. Ward currently serves on the Visiting Committee for the Bureau of Economic Geology. He was honored in 2011 with the Water Environment Association of Texas Outstanding Public Official Award for actively promoting sound science in policy and regulations affecting water environment issues within the State of Texas through documented, significant contributions in the areas of legislation, public policy and government service.

FIONA M. ALLEN, P.E., regional manager, Northern Region. Allen joined the Trinity River Authority of Texas in March 2011. Following eight years of consulting engineering experience early in her career, she joined the city of Arlington, Texas, as a water utilities civil engineer. Over her 20-year career at the city of Arlington, Allen served in various roles, including water utilities field operations manager, assistant director of utilities/operations and engineering, and assistant director of utilities/business services. She was promoted to director of utilities and subsequently, in 2005, served as interim deputy city manager over information technology, human resources, management services, finance and general services. In 2006, she was named deputy city manager/capital investment, overseeing public works, water utilities and environmental services. In 2009, she was named deputy city manager/economic development, overseeing aviation, convention center, planning and development, and the economic development office, with the duties of supervising public works and water utilities added in 2010. Allen retired from the city of Arlington in February 2011. She holds licenses as a professional engineer and a registered sanitarian, and holds TCEQ class B-distribution operator and class III wastewater system operator licenses. She is a member of the Texas A&M University and University of Texas at Arlington civil engineering advisory councils, the American Water Works Association, the Texas Water Conservation Association, and the American Society of Civil Engineers. She is a past board member of the Texas Municipal League, past president of the Texas Municipal Utilities Association, and former chairman of the Texas Water Utilities North Central Texas Regional School, and she also serves on various school and community boards. She holds a bachelor's degree from Texas A&M University.

JIMMIE R. SIMS, regional manager, Southern Region. Sims received a bachelor's degree from Texas A&M University. He began working for the Trinity River Authority in 1973 at the Devers Canal System and became project manager for Lake Livingston recreation facilities in 1977. In 1983 he became project manager for the Lake Livingston utility services project and advanced to division manager of the water services division in 1985. Sims was promoted to assistant regional manager, Southern Region, in 1988 and advanced to his current position in 1996. Sims is a former member of the board of directors of the Huntsville-Walker County Chamber of Commerce. He has also served as chairman of the Huntsville Planning and Zoning Commission and is an active member of the American Water Works Association and the Texas Water Conservation Association. He has served on the board of directors of the Huntsville Boys Baseball Association and has been an active supporter of Huntsville area youth baseball programs. In addition, Sims served as the executive vice president of the Huntsville Amateur Baseball Association and was recognized as the 2007 Volunteer of the Year by that organization.

ROBERT E. MOORE, CPA, financial services manager. Moore served four years in the United States Navy in the Western Pacific and received an Air Medal for flight operations in a combat zone and the Navy Commendation Medal. He earned a bachelor's degree from the University of Texas at Austin and has taken graduate classes in accounting, finance and computer science at the University of Texas at Arlington. Moore is a member of the Beta Alpha Psi Accounting Honor Society and the Beta Gamma Sigma Business Honor Society. He became a certified public accountant in 1978. Prior to joining TRA, Moore was employed by Arthur Young & Company and General Dynamics. He began working for TRA in 1978 as the senior manager of the finance division. He has held various volunteer leadership positions with the Boy Scouts of America and has served on the supervisory committee of the Arlington Federal Credit Union. He is currently a member of the Texas Society of Certified Public Accountants, the American Institute of Certified Public Accountants, the Government Finance Officers Association of Texas and the Government Treasurer's Association of Texas.

THOMAS D. SANDERS, construction services manager. Sanders received a bachelor's degree in education from the University of Texas at Austin and a bachelor's degree in civil engineering from the University of Texas at Arlington. Sanders joined TRA in 1979 as manager of administrative and technical services for the Northern Region. Later that year he was promoted to assistant regional manager, Northern Region. He was promoted to his current position in 1985. Sanders is a member of Tau Beta Pi and Chi Epsilon, both engineering honor fraternities. He is a board of trustee member for the William C. Martin United Methodist Church in Bedford. He is a past member of the church's administrative board and nominating committee, and he is a past member of the Airport Area YMCA board of directors.

DON A. TUCKER, general services manager. Tucker received a bachelor's degree from the University of Texas at Arlington and has completed extensive graduate work in the School of Urban Studies at UTA. He served in the United States Marine Corps infantry in Vietnam. Prior to joining the Trinity River Authority, Tucker served as supervisor for the claims cost control unit for the Travelers Insurance Company and as a senior underwriter for the Mortgage Guaranty Insurance Corporation. Tucker joined TRA in 1976 as director of administration and was promoted to division manager in 1978. He advanced to his current position in 1997. Tucker has an associate's degree in risk management from the Chartered Property Casualty Underwriters/American Insurance Institute. In 1996 he was selected as Safety Manager of the Year by the Texas Safety Association and currently serves on the board of directors for that organization. He is a member of the Public Risk Insurance Management Association, and the American Society of Safety Engineers. He has served as campaign chairman and/or loaned executive for the United Way for 20 years. He has also served as a member of the board of directors of the Arlington North Little League and the American Cancer Society.

J. SAM SCOTT, executive services manager. Scott received a bachelor's degree from East Texas State University. He joined TRA in 1973, and his responsibilities now include managing the aircraft operation division, the public information division and the planning and environmental management division. He is also responsible for congressional and state legislative liaison activities, and he serves as TRA's chief disbursing officer. In addition, he is past chairman of the board of directors of the Arlington Federal Credit Union and is a member of the Arlington Downtown Rotary Club. Scott was an army communications specialist and served in the White House Communication Agency, which was responsible for providing communications services to the president.

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

ALISON A. MACKEY, executive assistant to the general manager. Mackey received a bachelor's degree from Texas Tech University and a master's degree from the University of Texas at Arlington. Mackey became a certified public accountant in 1985 and was employed by Hunt Energy Corp. for several years before joining TRA in 2001 as internal auditor. She was promoted to her current position in 2005. Mackey has held various volunteer leadership positions with the Parent Teacher Association of Texas and the YMCA of Arlington where she was a member of the board of directors. She has also served as a volunteer driver for the Meals on Wheels program. She is currently a member of the Texas Society of Certified Public Accountants and the American Institute of Certified Public Accountants. She is also a member of the American Water Works Association and the Water Environment Federation. She is an active member of St. Vincent de Paul Catholic Church in Arlington, Texas.

APPENDIX B

**EXCERPTS FROM THE COMPREHENSIVE ANNUAL FINANCIAL REPORT AND CERTAIN INFORMATION AND
OPERATING DATA OF THE CONTRACTING PARTY, THE CITY OF FORTH WORTH**

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CERTAIN INFORMATION AND OPERATING DATA OF THE CONTRACTING PARTY

CITY OF FORT WORTH, TEXAS

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

Fiscal Year Ending 9/30	Meters in Service	Total Water Pumped, M.G.	Average Pumped Daily, M.G.D.	Maximum Day's Pumpage, M.G.D.	Average GPD Per Meter	Ratio Maximum Day to Average Day
2006	196,257	53,191.1	145.7	289.10	743	1.98x
2007	218,422	46,084.4	126.3	225.70	578	1.79x
2008	230,817	45,326.0	124.2	277.14	538	2.23x
2009	233,801 ⁽²⁾	44,167.4	121.0	265.80	501	2.20x
2010	234,863	40,311.7	110.4	252.60	470	2.29x

(1) Source: City's Water Department.

(2) Restated.

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

Customer	Total 2010 Consumption (Gallons)	Revenue	% of Total Water Usage
Miller Brewing Company	943,598,474	\$ 2,029,220	1.71%
Alcon Laboratories	344,210,909	951,264	0.62%
Lockheed Martin	307,741,700	688,521	0.56%
Fort Worth ISD	270,909,528	1,015,075	0.49%
Tarrant County	203,768,675	649,546	0.37%
American Airlines	194,128,733	558,191	0.35%
XTO Energy Inc	179,804,339	868,010	0.33%
Texas Health Resources	176,233,732	569,878	0.32%
Zoological Association	161,780,515	489,048	0.29%
Texas Christian University	159,277,821	550,865	0.29%
	<u>2,941,454,426</u>	<u>\$ 8,369,619</u>	<u>5.33%</u>

Source: City's Water Department.

TABLE 3 - ALL WATER SOLD BY CATEGORY (MILLION GALLONS, BY FISCAL YEAR)

Year Ending 9/30	Residential	Commercial	Industrial	Wholesale Customers	Yard Meters	Total Water Sales
2006	20,947.1	13,335.3	2,704.0	23,477.1	4,823.0	65,286.5
2007	16,504.8	13,473.8	3,651.6	18,011.6	3,201.5	54,843.3
2008	18,899.4	11,429.4	2,674.2	21,598.0	4,206.8	59,807.8
2009	18,380.2	11,305.1	3,514.9	21,417.7	4,132.7	58,750.6
2010	16,988.7	10,611.8	3,398.2	20,900.8	3,313.9	55,213.4

Source: City's Water Department.

TABLE 4 - TREATED WATER PUMPED (MILLION GALLONS)

Fiscal Year	Inside City Limits	Outside City Limits	Total Water Pumped
2006	53,191.1	22,531.4	75,722.5
2007	46,084.4	18,011.6	62,740.7
2008	45,326.0	21,638.1	66,917.3
2009	44,167.4	20,816.4	64,983.8
2010	40,311.7	21,999.0	62,310.7

Source: City's Water Department.

TABLE 5 - MONTHLY WATER RATES (EFFECTIVE JANUARY 1, 2011)

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

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

Meter Size	Monthly Service Charge	Meter Size	Monthly Service Charge
5/8" x 3/4"	\$ 7.00	3"	\$ 58.38
3/4" x 3/4"	7.25	4"	102.25
1"	10.25	6"	222.00
1 1/2"	18.00	8"	380.00
2"	27.00	10"	595.00

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

(2) Source: City's Water Department.

TABLE 6 - MONTHLY WATER RATES (VOLUME CHARGE ONLY) (EFFECTIVE JANUARY 1, 2011)

Volume Charge: Based on volume of water used ⁽¹⁾

Residential Customers Rate		Irrigation Rate		Gas Well Driller Rate	
Cubic Feet	Rate	Cubic Feet	Rate	Cubic Feet	Rate
First 800	\$1.91 per 100 Cu. Ft.	First 5,000	\$2.68 per 100 Cu. Ft.	All	\$4.50 per 100 Cu. Ft.
Next 1,200	2.68 per 100 Cu. Ft.	Next 5,000	3.31 per 100 Cu. Ft.		
Next 1,000	3.31 per 100 Cu. Ft.	Over 10,000	3.98 per 100 Cu. Ft.		
Over 3,000	3.98 per 100 Cu. Ft.				

Commercial Rate		Industrial Rate		Superuser	
Cubic Feet	Rate	Cubic Feet	Rate	Cubic Feet	Rate
All	\$2.15 per 100 Cu. Ft.	All	\$1.90 per 100 Cu. Ft.	All	\$1.63 per 100 Cu. Ft.

Raw Water Service
(Effective January 1, 2011)

All use per month	\$0.8201 per 1,000 gallons inside Tarrant Regional Water District
All use per month	\$0.8496 per 1,000 gallons outside Tarrant Regional Water District

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

(2) Source: City's Water Department.

Rates for Wholesale Water Service
(Effective October 1, 2010)

The City has a contract for raw water supply from the District. The contract allows the District to proceed with operation of Richland Chambers, West Fork and Cedar Creek Reservoirs.

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

The District has advised the City that the charges for raw water have changed. Charges to the City for water sold to customers inside the District include a raw water component, plus a street rental charge of 4% and a system loss charge of 4% which increases the raw water cost to wholesale customers inside the District to \$0.8201 per 1,000 gallons. The Volume Charge is made up of two components: (1) the total raw water cost to the wholesale customer of \$0.8201 per 1,000 gallons; and (2) the cost of treatment, pumping, etc. to deliver water to the wholesale customer's meter at \$0.7212 per 1,000 gallons. The total volume charge will be \$1.5413 per 1,000 gallons.

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

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

	Inside District	Outside District
Volume Charge, per 1,000 Gallons	\$ 1.5413	\$ 1.5708
Excess Maximum Day Demand (per MGD of daily demand in excess of average day demand)	\$ 122,742	\$ 122,742
Excess Maximum Hour Demand (annual charge per MGD of hourly demand in excess of maximum day demand)	\$ 28,691	\$ 28,691
Service Charge per Meter per Month	\$ 25	\$ 25

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

TABLE 7 - TEN LARGEST WASTEWATER CUSTOMERS

Customer	Total 2010 Usage (Gallons)	Revenue	% of Total Wastewater Usage
Miller Brewing Company	594,604,184	\$ 2,632,694	1.69%
Alcon Laboratories	213,605,135	732,714	0.61%
Lockheed Martin	189,416,975	651,032	0.54%
Tarrant County	155,832,559	666,018	0.44%
Fort Worth ISD	146,750,214	640,401	0.42%
Bell Helicopter Textron	121,621,153	481,107	0.35%
Dannon Company Inc.	113,862,615	714,807	0.32%
American Airlines	110,183,781	408,315	0.31%
Texas Health Resources	107,874,299	463,561	0.31%
Kroger LP	98,169,871	549,880	0.28%
	1,851,920,787	\$ 7,940,529	5.26%

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

TABLE 8 - WASTEWATER SALES BY CUSTOMER CLASS FROM FISCAL YEAR 2010 BILLING RECORDS ⁽¹⁾

Customer Class	Number of Accounts	Volume Billed MG	Sales
Residential	197,553	10,430.8	\$ 48,582,859
Commercial	13,347	8,664.5	40,537,900
Commercial Monitored	610	353.5	1,926,404
Industrial	180	157.2	693,553
Industrial Monitored	168	2,221.4	10,193,873
Municipalities	24	13,292.5	25,438,319
Effluent	1	110.0	61,052
Total	211,883	35,229.9	\$ 127,433,960

(1) Source: City's Water Department.

TABLE 9 - WASTEWATER RETAIL SERVICE RATES (EFFECTIVE JANUARY 1, 2011)

Rates for Sewerage Service Only ⁽¹⁾

That Chapter 35, "Water and Sewers", Article III, "Charges", Section 35-56. "Water and Sewer Rates within the City", subsections (c) and (d) of the Code of the City of Fort Worth (1986), as amended, is hereby further amended to be as follows:

(c) The following schedule of rates per month, or fraction thereof, shall be the charges to all residential and nonresidential customers for furnishing sewerage service to such customers located within the city. The residential monthly volume charge for sewerage service shall be the charges to the residential class, as defined in this chapter, for furnishing sewerage service to nonresidential sewer customers located within the city.

(1) Monthly Service Charge for Sewerage Service Only

<u>Meter Size (inches)</u>	<u>Monthly Charge</u>
5/8	\$ 5.10
3/4 x 5/8	\$ 5.10
3/4 x 3/4	\$ 5.40
1	\$ 6.00
1-1/2	\$ 7.50
2	\$ 9.30
3	\$ 17.55
4	\$ 27.00
6	\$ 52.50
8	\$ 88.50
10	\$ 130.50
12	\$ 163.50

(2) A monthly volume charge shall also be charged to residential customers in the amount of two dollars and sixty-four cents (\$2.64) per one hundred (100) cubic feet of water used, and to nonresidential/non-monitored customers in the amount of three dollars and twenty-four cents (\$3.24) per one hundred (100) cubic feet of water used, or wastewater produced, as more specifically set forth hereinafter.

The monthly volume charges for residential class customers will be based on the individual customer's average monthly water use during the preceding winter quarter months of December, January and February, but in no event shall the volume used to compute this monthly charge for a single family residential unit or a duplex unit exceed three thousand (3,000) cubic feet. The volumes used to compute these charges are based on the amount of water used by the residential class customer as measured by a meter. Where no preceding winter quarter average is available from records, the director shall estimate a volume to be used for this monthly volume charge.

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

TABLE 10 – WATER AND SEWER SYSTEM REVENUE DEBT SERVICE REQUIREMENTS

9/30	Aggregate Debt Service		
	Principal	Interest	Total
2011	\$ 56,725,000	\$ 31,128,135	\$ 87,853,135
2012	61,715,000	32,093,878	93,808,878
2013	59,005,000	30,097,528	89,102,528
2014	61,200,000	27,604,077	88,804,077
2015	62,805,000	24,988,057	87,793,057
2016	58,815,000	22,397,718	81,212,718
2017	60,050,000	19,839,757	79,889,757
2018	62,720,000	18,178,228	80,898,228
2019	55,480,000	14,667,020	70,147,020
2020	48,595,000	12,527,453	61,122,453
2021	40,835,000	10,709,435	51,544,435
2022	42,515,000	9,020,268	51,535,268
2023	38,270,000	7,394,873	45,664,873
2024	35,990,000	5,947,504	41,937,504
2025	33,640,000	4,622,954	38,262,954
2026	25,275,000	3,493,462	28,768,462
2027	26,310,000	2,485,389	28,795,389
2028	13,630,000	1,711,242	15,341,242
2029	14,185,000	1,181,758	15,366,758
2030	14,775,000	625,181	15,400,181
2031	6,800,000	170,000	6,970,000

TABLE 11 - AUTHORIZED BUT UNISSUED REVENUE BONDS ⁽¹⁾

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

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

TABLE 12 – WATER AND SEWER CONDENSED STATEMENT OF OPERATIONS (000'S OMITTED)

	Fiscal Year Ended September 30,				
	2010	2009	2008	2007	2006
Revenues					
Charges for Services	\$ 304,831	\$ 303,111	\$ 298,118	\$ 257,989	\$ 282,762
Other Operating Revenue	117	62	31	384	11,050
Interest on Investments	3,340	6,675	14,296	12,070	8,455
Miscellaneous Revenue	13,078	276	943	5,820	877
Total Revenues	\$ 321,366	\$ 310,124	\$ 313,388	\$ 276,263	\$ 303,144
Expenses					
Personnel Services	\$ 66,768	\$ 64,806	\$ 60,877	\$ 49,769	\$ 44,490
Supplies and Materials	19,143	20,201	19,529	17,272	16,366
Contractual Services	103,418	98,304	89,663	84,941	91,084
Total Expenses	\$ 189,329	\$ 183,311	\$ 170,069	\$ 151,982	\$ 151,940
Net Available for Debt Service	\$ 132,037	\$ 126,813	\$ 143,319	\$ 124,281	\$ 151,204
Water Accounts	220,652	218,683	217,566	212,213	206,206
Sewer Accounts	211,883	209,743	208,408	203,549	197,617

(1) Source: Comprehensive Annual Financial Reports for the corresponding fiscal year, City of Fort Worth. Expenses exclude depreciation (a non-cash expense).

TABLE 13 - COVERAGE AND FUND BALANCES ⁽¹⁾

Average Annual Principal and Interest Requirements, 2011 - 2031 ⁽¹⁾	\$ 55,242,308
Coverage of Average Annual Requirements by 9/30/10 Net Available for Debt Service	2.39x
Maximum Principal and Interest Requirements, 2012 ⁽¹⁾	\$ 93,802,695
Coverage of Maximum Requirements by 9/30/10 Net Available for Debt Service	1.41x
Water and Sewer System Revenue Bonds Outstanding, 6/1/11 ⁽¹⁾	\$ 822,160,000
Prior Lien Bonds	
Interest and Sinking Fund, 6/1/11 ⁽²⁾	\$ 33,030,963
Reserve Fund Balance, 6/1/11	\$ 2,081,147 ⁽³⁾
Subordinate Lien Bonds	
Interest and Sinking Fund, 6/1/11 ⁽²⁾	\$ 5,765,501
Reserve Fund Balance, 6/1/11	\$ - ⁽⁴⁾

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

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

(3) Required Reserve Amount funded with Ambac and AGM surety policies and cash. Amount shown is cash balance.

(4) Required Reserve Amount funded in part with Ambac, CIFG, Syncora and AGM surety policies.

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TABLE 14 - STATEMENT OF WATER AND SEWER FUND EQUITY (000's OMITTED)

	Fiscal Year Ended September 30,				
	2010	2009	2008	2007	2006
Cash and Investments	\$ 54,731	\$ 72,460	\$ 75,013	\$ 44,239	\$ 38,629
Receivables, Inventories and Prepaid Expenses	49,395	50,346	47,916	49,214	48,085
Restricted Assets	217,542	205,530	234,234	254,152	191,650
Property, Plant and Equipment, Net	2,124,625	2,044,838	1,981,856	1,896,936	1,785,567
Total Resources	\$ 2,446,293	\$ 2,373,174	\$ 2,339,019	\$ 2,244,541	\$ 2,063,931
Less:					
Revenue Bonds Payable	\$ 549,550	\$ 455,365	\$ 455,365	\$ 490,215	\$ 422,335
Other Obligations	251,662	325,097	358,662	315,765	306,984
Total Obligations	\$ 801,212	\$ 780,462	\$ 814,027	\$ 805,980	\$ 729,319
 Water and Sewer Equity	 \$ 1,645,081	 \$ 1,592,712	 \$ 1,524,992	 \$ 1,438,561	 \$ 1,334,612
 Equity as Percentage of Assets	 67.25%	 67.11%	 65.20%	 64.09%	 64.66%

Note: The City annually budgets and transfers sufficient monies from the operations of its Water and Sewer System to pay debt service on General Purpose Bonds issued for Sewer System improvements. Revenue Bonds Payable, as reflected in the above Statement of Equity, are not inclusive of such General Purpose Bonds.

TABLE 15 - CURRENT INVESTMENTS

As of June 1, 2011, the City's investable funds were invested in the following categories:

Description	Market Value	Book Value	Market Value
	as % of Par		
Savings Account	13.60%	\$ 167,093,964	\$ 167,093,964
Certificates of Deposit	4.54%	55,735,419	55,735,419
Money Market Funds	0.13%	1,605,815	1,605,815
Treasury Notes	23.18%	284,211,202	284,865,869
Agencies	58.55%	712,917,877	719,484,093
TexSTAR ⁽¹⁾	0.00%	4,376	4,376
	<u>100.00%</u>	<u>\$ 1,221,568,653</u>	<u>\$ 1,228,789,536</u>

No funds of the City are invested in derivative securities, i.e., securities whose rate of return is determined by reference to another instrument, index, or commodity.

(1) TexSTAR is a local government investment pool for whom First Southwest Asset Management, Inc., an affiliate of First Southwest Company, provides customer service and marketing for the pool. TexSTAR currently maintains a "AAAm" rating from Standard & Poor's and has an investment objective of achieving and maintaining a stable net asset value of \$1.00 per share. Daily investments or redemptions of funds is allowed by the participants.

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APPENDIX C

FORM OF BOND COUNSEL'S OPINION

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Proposed Form of Opinion of Bond Counsel

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

LAW OFFICES

McCALL, PARKHURST & HORTON L.L.P.

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TRINITY RIVER AUTHORITY OF TEXAS
CITY OF FORT WORTH WATER AND WASTEWATER TRANSMISSION CONTRACT
(SENDERA RANCH PROJECT) REVENUE REFUNDING BONDS, SERIES 2011
DATED SEPTEMBER 15, 2011, \$6,795,000

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 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 said 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 bonds, secured by and payable from a first lien on and pledge of the "Gross Revenues", as defined in the Bond Resolution, which consist of the gross revenues or payments to be received by the Issuer pursuant to the "Trinity River Authority of Texas - City of Fort Worth Water and Wastewater Transmission Contract (Sendera Ranch Project)" dated June 26, 2002 (the "Contract"), between the Issuer and the City of Fort Worth, Texas (the "Contracting City"), and (ii) said Contract is authorized by law, has been duly executed, is valid, and is legally binding upon and enforceable by the parties thereto in accordance with its terms and provisions.

THE ISSUER has reserved the right, subject to the restrictions stated in the 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 Gross Revenues.

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

THE REGISTERED OWNERS of the Bonds shall never have the right to demand payment of the principal thereof or interest thereon out of any funds raised or to be raised from taxes levied by the Issuer or from any source whatsoever other than specified in the Bond Resolution.

IT IS FURTHER OUR OPINION, except as discussed below, that the interest on the Bonds is excludable from the gross income of the owners for federal income tax purposes under the statutes, regulations, published rulings, and court decisions existing on the date of this opinion. We are further of the opinion that the Bonds are not "specified private activity bonds" and that, accordingly, interest on the Bonds will not be included as an individual or corporate alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). In expressing the aforementioned opinions, we have relied on the sufficiency certificate of First Southwest Company, 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 City, or the adequacy of the pledged Gross Revenues from the Contract, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Bonds

and have relied solely on certificates executed by officials of the Issuer as to the sufficiency of the Gross Revenues. Our role in connection with the Issuer's offering document prepared for use in connection with the sale of the Bonds has been limited as described therein.

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

Respectfully,

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Financial Advisory Services
Provided By

FirstSouthwest 