

OFFICIAL STATEMENT



(See "CONTINUING DISCLOSURE OF INFORMATION" herein)

Dated February 6, 2018

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

NEW ISSUE - Book-Entry-Only

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



\$6,530,000
TRINITY RIVER AUTHORITY OF TEXAS
(WALKER-CALLOWAY SYSTEM)
REVENUE BONDS, SERIES 2018

Dated Date: February 1, 2018

Due: February 1, as shown on Page ii

Interest to accrue from Delivery Date

PAYMENT TERMS . . . Interest on the \$6,530,000 Trinity River Authority of Texas (Walker-Calloway System) Revenue Bonds, Series 2018 (the "Bonds") will accrue from the date they are initially delivered (the "Delivery Date") to the underwriters listed below (the "Underwriters"), will be payable on August 1, 2018, and on February 1 and August 1 of each year thereafter until maturity or prior redemption, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or integral multiples thereof within a maturity. **No physical delivery of the Bonds will be made to the beneficial owners thereof.** Principal of, 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 Chapter 518, Acts of the 54th Texas Legislature, Regular Session, 1955, as amended, Chapter 1371, Texas Government Code, as amended, and other applicable laws, and a bond resolution authorizing the issuance of the Bonds (the "Bond Resolution") adopted by the Board of Directors (the "Board") of the Trinity River Authority of Texas (the "Authority", or "Issuer") on October 25, 2017. In the Bond Resolution, the Board delegated to an officer of the Authority (the "Authorized Officer") the authority to complete the sale of the Bonds. The terms of the sale were included in the "Pricing Certificate" executed by the Authorized Officer, and which completed the sale of the Bonds (the Bond Resolution and the Pricing Certificate are jointly referred to as the "Resolution"). Under the Constitution and the statutes of the State of Texas, the Authority has broad powers to effectuate flood control and the conservation and use for all beneficial purposes of storm and flood waters in the Trinity River watershed, and as a necessary aid to these purposes, the Authority has specific authority to construct, own and operate water and wastewater treatment, collection and transportation systems, and to make contracts in reference thereto with municipalities and others.

PURPOSE . . . Proceeds from the sale of the Bonds will be used for the purpose of providing funds (i) for improvements, enlargements, modifications, and extensions of the Authority's Walker-Calloway Branch Outfall Trunk Sewer System (the "System") to provide transportation of the Cities' wastewater for eventual treatment by Fort Worth, (ii) to fund the debt service reserve fund and (iii) to pay costs associated with the issuance of the Bonds.

MATURITY SCHEDULE & 9 DIGIT CUSIP
See Schedule on Page ii

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

DELIVERY . . . It is expected that the Bonds will be available for delivery through the facilities of DTC on or about March 1, 2018.

Academy Securities

Blaylock Van, LLC

MATURITY SCHEDULE

Maturity (February 1)	Principal Amount	Interest Rate	Initial Yield	CUSIP Suffix ⁽¹⁾
2019	\$195,000	5.000%	1.530%	HR7
2020	205,000	5.000	1.750	HS5
2021	215,000	5.000	1.900	HT3
2022	225,000	5.000	2.040	HU0
2023	240,000	5.000	2.200	HV8
2024	250,000	5.000	2.340	HW6
2025	265,000	5.000	2.500	HX4
2026	275,000	5.000	2.640	HY2
2027	290,000	5.000	2.750	HZ9
2028	305,000	5.000	2.840	JA2
2029	320,000	5.000	2.930*	JB0
2030	340,000	5.000	3.010*	JC8
2031	355,000	5.000	3.080*	JD6
2032	375,000	5.000	3.140*	JE4
2033	390,000	5.000	3.190*	JF1
2034	410,000	5.000	3.230*	JG9
2035	435,000	5.000	3.260*	JH7
2036	455,000	5.000	3.270*	JJ3
2037	480,000	5.000	3.300*	JK0
2038	505,000	5.000	3.350*	JL8

(Interest to accrue from the Delivery Date)

⁽¹⁾ CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of the American Bankers Association. CUSIP numbers have been assigned to this issue by the CUSIP Service Bureau and are included solely for the convenience of the owners of the Bonds. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP services. None of the Authority, the Financial Advisor or the Underwriters shall be responsible for the selection or correctness of the CUSIP numbers set forth herein.

* Yield calculated based on the assumption that the Bonds will be called for redemption on the first optional call date, February 1, 2028, at par plus accrued interest to the date of redemption.

REDEMPTION . . . The Authority reserves the right, at its option, to redeem the Bonds having stated maturities on and after February 1, 2029, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 1, 2028 or on any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see “THE BONDS – Redemption”).

This Official Statement, which includes the cover page and the Appendices hereto, does not constitute an offer to sell or the solicitation of an offer to buy in any jurisdiction to any person to whom it is unlawful to make such offer, solicitation or sale. This Official Statement is not to be used in connection with an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACT. THE REGISTRATION OR QUALIFICATION OF THE BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAW OF THE STATES IN WHICH THE BONDS HAVE BEEN REGISTERED OR QUALIFIED, IF ANY, AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES, IF ANY, CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. THE BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

No dealer, broker, salesman or other person has been authorized by the Authority or the Underwriters to give any information, or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Authority or the Underwriters. This Official Statement does not constitute an offer to sell Bonds in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction.

The Underwriters have reviewed the information in this Official Statement pursuant to their respective responsibilities to investors under federal securities laws, but the Underwriters do not guarantee the accuracy or completeness of such information.

Certain information set forth herein has been obtained from the Authority, the Contracting Cities (as defined herein) and other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Financial Advisor or the Underwriters. Any information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority or the Contracting Cities or other matters described herein since the date hereof. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the Authority's and Contracting Cities' undertakings to provide certain information on a continuing basis.

NONE OF THE AUTHORITY, ITS FINANCIAL ADVISOR, NOR THE UNDERWRITERS MAKES ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY OR ITS BOOK-ENTRY-ONLY SYSTEM, AS SUCH INFORMATION HAS BEEN PROVIDED BY THE DEPOSITORY TRUST COMPANY.

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

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

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

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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 (the “Board”) of 25 directors who are appointed by the Texas Governor for six-year terms.
- THE BONDS**..... The Bonds are issued as \$6,530,000 Trinity River Authority of Texas (Walker-Calloway System) Revenue Bonds, Series 2018. The Bonds are issued as serial bonds maturing on February 1 in each of the years 2019 through 2038, inclusive (see “THE BONDS - Description of the Bonds”).
- PAYMENT OF INTEREST** Interest on the Bonds accrues from the date they are initially delivered to the Underwriters, and is payable August 1, 2018, and each February 1 and August 1 thereafter until maturity or prior redemption (see “THE BONDS - Description of the Bonds,”).
- AUTHORITY FOR ISSUANCE** The Bonds are issued pursuant to the provisions of Chapter 518, Acts of the 54th Texas Legislature, Regular Session, 1955, as amended, Chapter 1371, Texas Government Code, as amended, and other applicable laws, and a bond resolution authorizing the issuance of the Bonds (the “Bond Resolution”) adopted by the Board on October 25, 2017. In the Bond Resolution, the Board delegated to an officer of the Authority (the “Authorized Officer”) the authority to complete the sale of the Bonds. The terms of the sale were included in a “Pricing Certificate” which was approved and executed by the Authorized Officer, and which completed the sale of the Bonds (the Bond Resolution and the Pricing Certificate are jointly referred to as the “Resolution”) (see “THE BONDS - Authority for Issuance”).
- SECURITY FOR THE BONDS** The Bonds are secured by and payable from the “Pledged Revenues” which consist of each Cities’ proportionate payment of the annual total amount of money required for the Authority to pay all (1) operation and maintenance expenses of the System, (2) the debt service requirements for the Bonds and any “Additional Bonds,” (3) to pay the proportionate amount of any special, contingency, or reserve funds required to be accumulated and maintained by the provisions of any bond resolution and (4) to pay any amount in addition thereto sufficient to restore any deficiency in any of such funds required to be accumulated and maintained by the provisions of any such resolution, with respect to such bonds or under the Wastewater Transportation Contract, as amended. (see “THE BONDS - Security and Source of Payment”).
- REDEMPTION** The Authority reserves the right, at its option, to redeem Bonds having stated maturities on and after February 1, 2029, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 1, 2028 or on any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see “THE BONDS – Redemption”).
- TAX EXEMPTION**..... In the opinion of Bond Counsel, the interest on the Bonds will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under the caption “TAX MATTERS” herein.
- USE OF PROCEEDS** Proceeds from the sale of the Bonds will be used for the purpose of providing funds (i) for improvements, enlargements, modifications, and extensions of the Authority’s Walker-Calloway Branch Outfall Trunk Sewer System (the “System”) to provide transportation of the Cities’ wastewater for eventual treatment by Fort Worth, (ii) to fund the debt service reserve fund and (iii) to pay costs associated with the issuance of the Bonds.
- RATINGS** The Bonds are rated “AA” by S&P Global Ratings, a division of S&P Global Inc. (“S&P”). (see “OTHER INFORMATION - Ratings”).

BOOK-ENTRY-ONLY SYSTEM..... The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of DTC pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or integral multiples thereof within a maturity. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of, 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 bonds.

For additional information regarding the Authority, please contact:

Ms. Alison A. Mackey, C.P.A.
Trinity River Authority of Texas
P.O. Box 60
Arlington, Texas 76004
(817) 493-5118

or

Mr. W. Boyd London, Jr.
Ms. Mary Williams
Hilltop Securities Inc.
1201 Elm Street, Suite 3500
Dallas, Texas 75270
(214) 953-4000

AUTHORITY OFFICIALS, STAFF AND CONSULTANTS

Board Members	Position	Area Represented
Christina Melton Crain	President and Member, Executive Committee	Dallas County
Kevin Maxwell	Vice President and Member, Executive Committee	Houston County
David B. Leonard	Chairman, Executive Committee	Liberty County
Tommy G. Fordyce	Chairman, Administration and Audit Committee and Member, Executive Committee	Walker County
John W. Jenkins	Chairman, Resources Development Committee and Member, Executive Committee	Chambers County
Jess A. Laird	Chairman, Legal and Public Policy Committee and Member, Executive Committee	Henderson County
C. Dwayne Somerville	Chairman, Utility Services Committee and Member, Executive Committee	Freestone County
Harold L. Barnard	Member, Legal and Public Policy Committee	Ellis County
Whitney D. Beckworth	Member, Utility Services Committee	Director at Large
Henry Borbolla III	Member, Utility Services Committee	Tarrant County
Steve Cronin	Member, Resources Development Committee	San Jacinto County
Amanda B. Davis	Member, Legal and Public Policy Committee	Leon County
Martha A. Hernandez	Member, Legal and Public Policy Committee	Tarrant County
Victoria K. Lucas	Member, Legal and Public Policy Committee	Kaufman County
Dennis "Joe" McCleskey	Member, Resources Development Committee	Trinity County
Robert F. McFarlane, M.D.	Member, Resources Development Committee	Director at Large
James W. Neale	Member, Resources Development Committee	Dallas County
Manny Rachal	Member, Utility Services Committee	Polk County
William O. Rodgers	Member, Administration and Audit Committee	Tarrant County
Amir A. Rupani	Member, Administration and Audit Committee	Director at Large
Ana Laura Saucedo	Member, Utility Services Committee	Dallas County
Dudley K. Skyrme	Member, Resources Development Committee	Anderson County
J. Carol Spillars	Member, Administration and Audit Committee	Madison County
Frank H. Steed, Jr.	Member, Administration and Audit Committee	Navarro County
Edward C. Williams III	Member, Utility Services Committee	Dallas County

Management Officers

J. Kevin Ward	General Manager
Fiona M. Allen, P.E.	Regional Manager, Northern Region
Jimmie R. Sims.	Regional Manager, Southern Region
Alison A. Mackey, CPA	Treasurer, Board of Directors and Chief Financial Officer
Don A. Tucker	General Services Manager
Glenn C. Clingenpeel.....	Planning and Environmental Services Manager
Howard S. Slobodin	Secretary, Board of Directors and General Counsel

Consultants and Advisors

Authority Counsel.....	Booth, Ahrens & Werkenthin, P.C.....	Austin, Texas
Independent Auditors.....	Weaver and Tidwell, LLP.....	Dallas, Texas
Bond Counsel.....	McCall, Parkhurst & Horton L.L.P.....	Dallas, Texas
Financial Advisor.....	Hilltop Securities Inc.	Dallas, Texas

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OFFICIAL STATEMENT

RELATING TO

\$6,530,000

**TRINITY RIVER AUTHORITY OF TEXAS
(WALKER-CALLOWAY SYSTEM)
REVENUE BONDS, SERIES 2018**

INTRODUCTION

This Official Statement, which includes the Appendices hereto, provides certain information regarding the issuance of \$6,530,000 Trinity River Authority of Texas (Walker-Calloway System) Revenue Bonds, Series 2018 (the “Bonds”). Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Resolution (defined herein), except as otherwise indicated herein (see “SELECTED PROVISIONS OF THE RESOLUTION”).

There follows in this Official Statement descriptions of the Bonds and certain information regarding the Trinity River Authority of Texas (the “Authority” or “Issuer”) and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the Authority’s Financial Advisor, Hilltop Securities Inc., Dallas, Texas.

Description of the Authority

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

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

PLAN OF FINANCING

Purpose

Proceeds from the sale of the Bonds will be used for the purpose of providing funds (i) for improvements, enlargements, modifications, and extensions of the Authority’s Walker-Calloway Branch Outfall Trunk Sewer System (the “System”) to provide transportation of the Cities’ wastewater for eventual treatment by Fort Worth, (ii) to fund the debt service reserve fund and (iii) to pay costs associated with the issuance of the Bonds.

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Sources and Uses of Bond Proceeds

Proceeds from the sale of the Bonds are expected to be applied approximately as follows:

Sources of Funds

Par Amount of Bonds	\$ 6,530,000.00
Reoffering Premium	945,943.00
Total Sources of Funds	\$ 7,475,943.00

Uses of Funds:

Deposit to Construction Fund	\$ 6,706,400.00
Deposit to Reserve Fund	518,750.00
Underwriters' Discount	181,490.04
Costs of Issuance	69,302.96
Total Uses of Funds	\$ 7,475,943.00

THE BONDS

Description of the Bonds

The Bonds are dated February 1, 2018, and mature on February 1 in each of the years and in the amounts shown on page ii hereof. Interest will accrue from the date they are initially delivered to the Underwriters, will be payable on August 1, 2018, and on February 1 and August 1 of each year thereafter until maturity or prior redemption, and will be computed on the basis of a 360-day year of twelve 30-day months. The definitive Bonds will be issued only in fully registered form in any integral multiple of \$5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of, 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).

Interest on the Bonds is payable to the registered owner appearing on the bond registration books of the Paying Agent/Registrar on the Record Date (as defined below) and such interest shall be paid by the Paying Agent/Registrar (i) by check sent by United States Mail, first class postage prepaid, to the address of the registered owner recorded in the bond register or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. Principal of and interest on the Bonds at maturity will be payable upon their presentation and surrender to the Paying Agent/Registrar; provided, however, that so long as Cede & Co. (or other DTC nominee) is the registered owner of the Bonds, all payments will be made as described under "THE BONDS - Book-Entry-Only System" herein. If the date for any payment on the Bonds shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the designated corporate office of the Paying Agent/Registrar is located is authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

Authority For Issuance

The Bonds are being issued pursuant to the provisions of Chapter 518, Acts of the 54th Texas Legislature, Regular Session, 1955, as amended, Chapter 1371, Texas Government Code, as amended, and other applicable laws, and a bond resolution authorizing the issuance of the Bonds (the "Bond Resolution") adopted by the Board on October 25, 2017. In the Bond Resolution, the Board delegated to an officer of the Authority (the "Authorized Officer") the authority to complete the sale of the Bonds. The terms of the sale were included in the "Pricing Certificate" which was executed by the Authorized Officer, and which completed the sale of the Bonds (the Bond Resolution and the Pricing Certificate are jointly referred to as the "Resolution").

Security and Source of Payment

The City of Hurst and the City of North Richland Hills (collectively, the "Cities" or "Contracting Parties") and the Authority have entered into a wastewater transportation contract, dated October 24, 2001, as amended (the "Wastewater Transportation Contract") whereby the Authority agrees to provide and the Cities agree to pay for transportation of the Cities' wastewater for eventual treatment by the City of Fort Worth ("Fort Worth"). The Cities, the Authority and Fort Worth have entered into a wholesale wastewater contract, dated December 2, 1987, as amended (the "Wholesale Wastewater Contract") to provide for treatment of the wastewater by Fort Worth.

The Bonds are secured by and payable from the “Pledged Revenues” which consist of each City’s proportionate payment of the annual total amount of money required for the Authority to pay the (1) operation and maintenance expenses of the System, (2) the debt service requirements for the Bonds and any “Additional Bonds,” (3) the proportionate amount of any special, contingency, or reserve funds required to be accumulated and maintained by the provisions of any bond resolution and (4) any amount in addition thereto sufficient to restore any deficiency in any of such funds required to be accumulated and maintained by the provisions of any such resolution, with respect to such bonds or under the Wastewater Transportation Contract, as amended. See “SELECTED PROVISIONS FROM THE WHOLESALE WASTEWATER CONTRACT (WALKER-CALLOWAY BRANCH OUTFALL TRUNK SEWER SYSTEM)” and “SELECTED PROVISIONS OF THE RESOLUTION” herein.

The Authority has no taxing power. No taxes are pledged to the Bonds.

Reserve Fund

A reserve fund entitled the “Trinity River Authority of Texas (Walker-Calloway System) Revenue Bonds Reserve Fund” (the “Reserve Fund”) will be created and maintained on the books of the Authority and will be accounted for separate and apart from other funds of the Authority. The Reserve Fund will be used solely for the purpose retiring the last of any bonds, parity bonds, or additional bonds, when and to the extent the amounts in the interest and sinking fund are insufficient. The Reserve Fund will be funded to an amount equal to the maximum annual principal and interest requirements on the bonds. See “SELECTED PROVISIONS OF THE RESOLUTION”.

Redemption

The Authority reserves the right, at its option, to redeem Bonds having stated maturities on and after February 1, 2029, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 1, 2028 or on any date thereafter, at the par value thereof plus accrued interest to the date of redemption.

Defeasance

The Resolution provides for the defeasance of the Bonds when the payment of all amounts due with respect to the Bonds to the due date thereof is provided by irrevocably depositing with the Paying Agent/Registrar or authorized escrow agent, in trust (1) money sufficient to make such payment and/or (2) Defeasance Securities to mature as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of the paying agent for the Bonds. The Resolution provides that “Defeasance Securities” means any securities and obligations now or hereafter authorized by State law that are eligible to discharge obligations such as the Bonds. Current State law permits defeasance with the following types of securities: (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the Authority adopts or approves the proceedings authorizing the issuance of refunding obligations, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the Authority adopts or approves the proceedings authorizing the issuance of refunding obligations, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent (d) any additional securities and obligations hereafter authorized by the laws of the State of Texas as eligible for use to accomplish the discharge of obligations such as the Bonds. The Authority has the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Defeasance Securities for the Defeasance Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the Authority moneys in excess of the amount required for such defeasance.

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 will 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.

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 of the Bonds have been made as described above, all rights of the Authority to take any action amending the terms of the Bonds are extinguished.

Book-Entry-Only System

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

The Authority and the Underwriters cannot and do not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or 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.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate for each maturity will be issued for the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

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

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

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

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

the Authority or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

Effect of Termination of Book-Entry-Only System. In the event the Book-Entry-Only System with respect to the Bonds is discontinued by DTC, or the use of the Book-Entry-Only System with respect to the Bonds is discontinued by the Authority, printed Bond certificates will be issued to the respective holders of the Bonds, and the respective Bonds will be subject to transfer, exchange, and registration provisions as set forth in the Resolution, summarized under “THE BONDS - Registration, Transfer and Exchange” below.

Paying Agent/Registrar

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

Transfer, Exchange And Registration

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

Limitation on Transfer of Bonds

The Paying Agent/Registrar shall not be required to make any transfer, conversion or exchange during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date.

Record Date for Interest Payment

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

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

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

Bondholders' Remedies

The Resolution does not specify events of default with respect to the Bonds. If the Authority defaults in the payment of principal, interest, or redemption price on the Bonds when due, or the Authority defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Resolution, the registered owners may seek a writ of mandamus to compel the Authority or Authority officials to carry out the legally imposed duties with respect to the Bonds if there is no other available remedy at law to compel performance of the 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. 3rd 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. Even if a judgment against the Authority could be obtained, it could not be enforced by direct levy and execution against the Authority's property. Further, the registered owners cannot themselves foreclose on property within the Authority or sell property within the Authority to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. Furthermore, the Authority is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, such provision is subject to judicial construction. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or Bondholders of an entity which has sought protection under Chapter 9. Therefore, should the Authority avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Bonds are qualified with respect to the customary rights of debtors relative to their creditors.

THE SYSTEM

The System

The Walker-Calloway Branch Outfall Trunk System wastewater transportation system is owned and operated by the Authority. The System delivers wastewater from the cities of North Richland Hills and Hurst to a discharge point in the Fort Worth wastewater system for further transportation and treatment. See "SELECTED PROVISIONS FROM THE WHOLESALE TRANSPORTATION CONTRACT (WALKER-CALLOWAY BRANCH OUTFALL TRUNK SEWER SYSTEM)".

Future Debt Plans

The Authority's upgrade of the System has an estimated total cost of \$18.5 million. After the issuance of the Bonds an additional \$9.5 million of estimated project costs will be financed in multiple years between 2019 and 2024.

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DEBT INFORMATION

Debt Service Requirements

The Bonds constitute the only debt outstanding for the System. The debt service for the Bonds is as follows.

Fiscal Year Ending November 30	The Bonds		
	Principal	Interest	Total
2018	\$0.00	\$136,041.67	\$136,041.67
2019	195,000.00	321,625.00	516,625.00
2020	205,000.00	311,625.00	516,625.00
2021	215,000.00	301,125.00	516,125.00
2022	225,000.00	290,125.00	515,125.00
2023	240,000.00	278,500.00	518,500.00
2024	250,000.00	266,250.00	516,250.00
2025	265,000.00	253,375.00	518,375.00
2026	275,000.00	239,875.00	514,875.00
2027	290,000.00	225,750.00	515,750.00
2028	305,000.00	210,875.00	515,875.00
2029	320,000.00	195,250.00	515,250.00
2030	340,000.00	178,750.00	518,750.00
2031	355,000.00	161,375.00	516,375.00
2032	375,000.00	143,125.00	518,125.00
2033	390,000.00	124,000.00	514,000.00
2034	410,000.00	104,000.00	514,000.00
2035	435,000.00	82,875.00	517,875.00
2036	455,000.00	60,625.00	515,625.00
2037	480,000.00	37,250.00	517,250.00
2038	505,000.00	12,625.00	517,625.00
	<u>\$6,530,000.00</u>	<u>\$3,935,041.67</u>	<u>\$10,465,041.67</u>

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**SELECTED PROVISIONS FROM THE WHOLESALE WASTEWATER CONTRACT (WALKER-CALLOWAY
BRANCH OUTFALL TRUNK SEWER SYSTEM)**

Following is a summary of certain provisions of the Wholesale Wastewater Contract between the City of Fort Worth and the Authority and the cities of Hurst and North Richland Hills. Reference is hereby made to the full and complete Wholesale Wastewater Contract, for further information, a copy of which is available upon request from the Financial Advisor.

The Wholesale Wastewater Contract was entered into to allow the Authority to continue to connect its sanitary sewer system to the Fort Worth system for the primary purpose of furnishing sewer service to the cities of Hurst and North Richland Hills and to allow the Authority to continue to contract with Fort Worth for wastewater treatment services. The wholesale wastewater rates paid by the Authority, Hurst and North Richland Hills to Fort Worth constitute reasonable and necessary operating expenses of combined waterworks and wastewater systems of the Contracting Parties.

The Wholesale Wastewater Contract may be terminated in whole or in part by the mutual consent of the Authority, Hurst or North Richland Hills, and Fort Worth. Notwithstanding anything contained in the Wholesale Wastewater Contract to the contrary, any material breach by either party hereto to perform any of the duties or the obligations assumed by such party hereunder or to faithfully keep and perform any of the terms, conditions and provisions hereof shall be cause for termination of this agreement by Fort Worth in the manner set forth in this paragraph. Fort Worth shall deliver to the Authority and Cities ninety (90) days prior written notice of its intention to so terminate this agreement if the defaulting party fails to cure or adjust such material breach, including in such notice a reasonable description of the breach. If within said ninety (90) days the defaulting party shall fail or refuse to cure such default to the satisfaction of Fort Worth, then and in such event, Fort Worth shall have the right with six months advance written additional notice to such defaulting party and without any liability whatsoever on the part of Fort Worth to declare this agreement terminated. In the event of termination of this agreement, all rights, powers, and privileges of the defaulting party hereunder shall cease and terminate and the defaulting party shall make no claim of any kind whatsoever against Fort Worth, its agents or representatives, by reason of such termination or any act incident thereto, provided Fort Worth acted reasonably and such termination was not unreasonable, arbitrary and capricious. Fort Worth shall advise the defaulting party in writing immediately upon acceptance of the cure of any default.

The following breach, default or failure to perform a duty or obligation shall be considered to be a material breach:

- a. Failure to adopt and enforce an ordinance, rule, regulation or resolution required to be adopted and enforced herein;
- b. Failure to make any payment of any bill, charge or fee as provided in this agreement;
- c. Making any connection to the Fort Worth System at point except as provided in Section 2.2;
- d. Failure to provide Fort Worth ingress and egress for purposes of sampling and operation and maintenance of any metering or any sampling facility;
- e. Failure to provide Fort Worth rights-of-way as required;
- f. Failure to permit any sampling of wastewater as provided for;
- g. Failure to disconnect industrial users of Authority or Cities, as applicable, pursuant to Section 9.3;
- h. Failure to maintain the quality of discharge as required in Sections 10.2 and 10.3;
- i. Failure of Authority or Cities, as applicable, to comply with Section 23 thereof.

In the event of any other nonmaterial breach, default or failure to perform duties under this agreement, Fort Worth shall deliver to the defaulting party sixty (60) days advance written notice of such default. If the defaulting party fails to cure such breach, default or failure, then Fort Worth shall give such party written notice of such failure to cure and may surcharge such party Five Thousand Dollars (\$5,000) per month until such time as the defaulting party cures such nonmaterial default. Any failure by Fort Worth to so terminate this agreement or the acceptance by Fort Worth of any benefits under this agreement for any period of time after such material breach, default or failure by any party hereto shall not be determined to be a waiver by Fort Worth of any rights to terminate this agreement for any subsequent material breach, default or failure.

Any failure by any party hereto to so terminate this agreement or the acceptance by any party hereto of any benefits under this agreement for any period of time after such breach, default or failure by Fort Worth shall not be determined to be a waiver by any party hereto of any rights to terminate this agreement for any subsequent material breach, default or failure.

**SELECTED PROVISIONS FROM THE WHOLESALE TRANSPORTATION CONTRACT (WALKER-CALLOWAY
BRANCH OUTFALL TRUNK SEWER SYSTEM)**

Following is a summary of certain provisions of the Wastewater Transportation Contract and amendments between Fort Worth, the Authority and the cities of Hurst and North Richland Hills. Reference is hereby made to the full and complete Wastewater Transportation Contract, for further information, a copy of which is available upon request from the Financial Advisor.

The Wastewater Transportation Contract was made and entered into on October 24, 2001 and was amended on February 22, 2017 and again on November 9, 2017. The terms and provisions of the Wholesale Wastewater Contract are incorporated into the Wastewater Transportation Contract by reference for all purposes. The Wastewater Transportation Contract continues in full force and effect until December 2, 2018 and thereafter while any Bonds are outstanding. No modification of the Wastewater Transportation Contract may be made while Bonds are outstanding unless the contract, as proposed to be modified, makes provisions for the full and prompt repayment of all Bonds issued for the System.

The Cities own and operate their own wastewater collection systems. The Cities and the Authority have entered into the Wastewater Transportation Contract whereby the Authority agrees to provide and the Cities agree to pay for transportation of the Cities' wastewater for eventual treatment by Fort Worth. The Cities' payments to the Authority under the Wastewater Transportation Contract constitute operating and maintenance expenses to the Cities' wastewater systems.

The Authority maintains the existing Administrative and Contingency Fund (the "Fund") in the Authority's Walker-Calloway Branches Enterprise Fund (the "Enterprise Fund"). This Fund initially consisted of \$36,213.92 contributed by Hurst and \$178,351.21 contributed by North Richland Hills and shall serve as an operating reserve fund and will be retained for the purpose of providing adequate working capital to fund the billings received from Fort Worth for wastewater services and extraordinary maintenance and repair expenses. Operating reserve funds which are utilized for extraordinary maintenance or repair expenses during the Authority's fiscal year shall be reimbursed by the Cities to the operating reserve fund (the "Operating Reserve Fund") as specified in 5.05 of the Wastewater Transportation Contract. The Operating Reserve Fund shall remain the property of the respective City, and any interest earned on the Operating Reserve Fund not utilized during the fiscal year will be retained in the Enterprise Fund as part of the operating reserve until such a time as the Wastewater Transportation Contract is dissolved or expires, at which time 20.6% of the total accumulated shall be refunded to the City of Hurst and 79.4% of the total amount accumulated shall be refunded to the City of North Richland Hills.

Under the Wastewater Transportation Contract, the Authority will provide and pay for the cost of the improvements, enlargements, modifications and extensions of the System, by issuing its Bonds, in one or more series from time to time, in amounts which will be sufficient to accomplish such purposes. However, any obligations on the part of the Authority to improve and extend the System when necessary or advisable and to provide additional services of the System to the Cities shall be conditioned (i) upon the Authority's ability to obtain all necessary permits, material, labor, and equipment, (ii) upon the ability of the Authority to finance the cost of the System through the actual sale of Bonds (or as otherwise provided to the Authority by the Cities), and (iii) subject to all present and future valid laws, orders, rules, and regulations of the United States of America, the State of Texas, and any regulatory body having jurisdiction. The Authority shall present any proposed issuance of its Bonds for improvements, enlargements, modifications and extensions to the Advisory Committee. No issuance of the Authority's Bonds shall be conditioned upon or require approval of the governing bodies of either City.

Fiscal Provisions of the Wastewater Transportation Contract, each City is responsible for its proportionate share (each's "Annual Payment") of the Authority's "Annual Requirement." The Authority's "Annual Requirement" means the total amount of money required for the Authority to pay all (1) Operation and Maintenance expenses of the System, (2) the principal of, redemption premium, if any, and interest on, Bonds, and the interest thereon, to improve, enlarge, modify and extend the System, as such principal, redemption premium, if any, and interest become due, less interest to be paid out of bond proceeds or from other sources if permitted by any resolution authorizing the issuance of such Bonds, and all amounts required to redeem any such Bonds prior to maturity when and as provided in any such resolution plus the fees, expenses, and charges of each paying agent/registrar for paying the principal of and interest on such Bonds and for authenticating, registering, and transferring such Bonds on the registration books, (3) to pay the proportionate amount of any special, contingency, or reserve funds required to be accumulated and maintained by the provisions of any such Bond Resolution and (4) to pay any amount in addition thereto sufficient to restore any deficiency in any of such funds required to be accumulated and maintained by the provisions of any such Bond Resolution, with respect to such Bonds or under the Wastewater Transportation Contract as amended.

Payments by the Cities under the Wastewater Transportation Contract are the only source available to the Authority to operate and maintain the System and pay debt service on Bonds, and in compliance with the Authority's duty to fix and from time to time revise the rates of compensation or charges for services of the System rendered and made available by the Authority, the Annual Requirement will change from time to time, and that each such Annual Requirement shall be allocated among the Cities, and that the Annual Requirement for each Annual Payment Period shall be provided for in each Annual Budget and shall at all times be not less than an amount sufficient to pay or provide for the payment of:

- (i) An "Operation and Maintenance Component" equal to the amount paid or payable for all Operation and Maintenance Expenses of the System for the Annual Payment Period as follows: the Operation and Maintenance Expenses shall be shared equally by the Cities, 50% to each City; provided however, the Cities shall share Extraordinary Maintenance or Repair Expenses based on design capacity, 20.6% to Hurst and 79.4% to North Richland Hills; and

(ii) A "Bond Service Component" equal to the sum of the amounts described below for the Annual Payment Period which shall be based on design capacity, 20.6% to Hurst and 79.4% to North Richland Hills:

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

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

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

Each of the Cities shall make payments to the Authority on or before the 10th day of each month of each annual payment period. If either of the Cities at any time disputes the amount to be paid by it to the Authority, such complaining party shall nevertheless promptly make such payment or payments, but if it is subsequently determined by agreement or court decision that such disputed payments made by such complaining party should have been less, or more, the Authority shall promptly revise and reallocate the charges among the Cities in such manner that such complaining party will recover its overpayment or the Authority will recover the amount due it. All amounts due and owing to the Authority by each of the Cities or due and owing to any of the Cities by the Authority shall, if not paid when due, bear interest at the rate of ten (10) percent per annum from the date when due until paid. The Authority shall, unless specifically prohibited by law, discontinue the services of the System to any City which remains delinquent in any payments due hereunder for a period of sixty days, and shall not resume such services while such City is so delinquent. It is further provided and agreed that if any City should remain delinquent in any payments due hereunder for a period of one hundred twenty days, and if such delinquency continues during any period thereafter, such City's Annual Requirement shall be deemed to have been zero during all periods of such delinquency, for the purpose of calculating and redetermining the percentage of each Annual Payment to be paid by the non-delinquent City, and the Authority shall redetermine such percentage on that basis in such event so that the non-delinquent City shall be required to pay all of the Annual Requirement. However, the Authority shall pursue all legal remedies against any such delinquent City to enforce and protect the rights of the Authority, the other City, and the holders of the Bonds, and such delinquent City shall not be relieved of the liability to the Authority for the payment of all amounts which would have been due hereunder, in the absence of the next preceding sentence. It is understood that the foregoing provisions are for the benefit of the holders of the Bonds so as to insure that all of the Annual Requirement will be paid by the non-delinquent City during each Annual Payment Period regardless of the delinquency of a City. If any amount due and owing by any of the Cities to the Authority is placed with an attorney for collection, such City shall pay to the Authority all attorney's fees, in addition to all other payments provided for herein, including interest.

Each Annual Budget for the System shall provide amounts sufficient to pay the Annual Requirement. On or before September 1 of each year, the Authority shall furnish to the Cities a preliminary estimate of the Annual Payment for each City for the next Annual Payment Period. After examination of the preliminary estimate, the Cities shall express their concurrence or non-concurrence with the preliminary estimate in writing. Any dispute shall be resolved jointly by the Cities and the Authority within thirty (30) calendar days of the date the preliminary budget was furnished to the Cities.

Additionally, the Authority created an advisory committee ("Advisory Committee") to consult with and advise the Authority and the Cities with respect to the System. The governing body of each the Authority and the Cities annually appoint one of the members of its governing body or one of its employees as a voting member of the Advisory Committee for the System. The Advisory Committee shall have access to and may inspect at any reasonable times all physical elements of the System and all records and accounts of the Authority pertaining to the System. A copy of the minutes of the meetings of the Advisory Committee and all other pertinent data, shall be provided to the members of the Advisory Committee. The Advisory Committee consults with and advises the Authority, through its General Manager or his designated representative, with regard to the following matters pertaining to the System: (i) the issuance of Bonds; (ii) the operation and maintenance of the System; (iii) the terms and conditions of the contracts with the Cities; (iv) contracts for services to entities which are not a party to the Wastewater Transportation Contract, and the prices, terms, and conditions of such contracts consistent with the provisions of the Wastewater Transportation Contract; (v) the Authority's Annual Budget, prior to its submission by the Authority's General Manager to the Authority's Board; (vi) review of the Authority's Annual Audit; (vii) all other pertinent matters relating to the management of the System; and (viii) improvements and extensions of the System.

SELECTED PROVISIONS OF THE RESOLUTION

Following is a summary of certain sections of Resolution No. R-1496, the resolution authorizing and providing for the issuance, sale, and delivery of Trinity River Authority of Texas (Walker-Calloway System) revenue bonds (the "Bond Resolution"). Reference is hereby made to the full and complete Resolution, for further information, a copy of which is available upon request from the Financial Advisor.

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

(a) The Board hereby incorporates the recitals set forth in the preamble hereto as if set forth in full at this place and further finds and determines that said recitals are true and correct. In order to obtain funds to pay the costs of improvements, enlargements, modifications and extensions, the Board hereby authorizes and directs the issuance of revenue bonds of the Issuer, in one or more series, in the aggregate principal amount of not to exceed \$7,415,000.

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

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

(2) "Additional Contracting Party" means any party which is not then a party to the Contract and which enters into a contract similar to the Contract for providing services of the any such similar contract such party shall become one of the contracting parties for all purposes of the Contract.

(3) "Annual Payment" means the amount of money to be paid to the Issuer by each of the Cities during each Fiscal Year of the Issuer as its proportionate share of the Annual Requirement.

(4) "Annual Requirement" means the total amount of money required for the Authority to pay all (1) Operation and Maintenance expenses of the System, (2) the principal of, redemption premium, if any, and interest on, the Bonds, Additional Bonds and Parity Bonds, and the interest thereon, to improve, enlarge, modify and extend the System, as such principal, redemption premium, if any, and interest become due, less interest to be paid out of bond proceeds or from other sources if permitted by any resolution authorizing the issuance of such the Bonds, Additional Bonds and Parity Bonds, and all amounts required to redeem any of the Bonds, Additional Bonds and Parity Bonds prior to maturity when and as provided in any such resolution plus the fees, expenses, and charges of each paying agent/registrar for paying the principal of and interest on the Bonds, Additional Bonds and Parity Bonds and for authenticating, registering, and transferring such bonds on the registration books, (3) to pay the proportionate amount of any special, contingency, or reserve funds required to be accumulated and maintained by the provisions of any such bond resolution and (4) to pay any amount in addition thereto sufficient to restore any deficiency in any of such funds required to be accumulated and maintained by the provisions of any such resolution, with respect to such bonds or under the Contract, as amended.

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

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

(7) "Bond Resolution" mean this resolution adopted by the Board of the Issuer authorizing the issuance of the Bonds.

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

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

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

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

(12) "Cities" means the City of North Richland Hills, Texas and the City of Hurst, Texas and any other entity which becomes an Additional Contracting Party to the Contract.

(13) "Contract" means the Transportation Contract, the First Amendment and the Second Amendment and any other contract entered into with an Additional Contracting Party pursuant to the terms of the Contract.

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

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

(16) "First Amendment" means amendment to the Wastewater Transportation Contract for the System which amends the Transportation Contract to provide that the Authority may issue the Bonds, Additional Bonds and Parity Bonds for improvements, enlargements, modifications and extensions of the System and by which the Cities each agree to pay its proportionate share of all debt service on such bonds.

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

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

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

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

(21) "Operation and Maintenance Expenses" has the meaning assigned in the Contract and means all recurring costs and expenses of the System, including operating personnel, the cost of utilities, supervision, engineering, accounting, auditing, legal services, supplies, services, administration of the System, including general overhead expenses attributable to the System, insurance premiums, equipment necessary for proper operation and maintenance of the System, and payments made by the Authority in satisfaction of judgments resulting from claims not covered by the Authority's insurance arising in connection with the operation and maintenance of the System. The term does not include depreciation.

(22) "Parity Bonds" means the Bonds and any Additional Bonds issued on parity with such bonds.

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

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

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

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

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

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

(29) "Second Amendment" means amendment to the Wastewater Transportation Contract and the First Amendment for the System to extend the expiration of the Wastewater Transportation Contract and the First Amendment to allow the Authority to issue the Bonds, Additional Bonds and Parity Bonds for improvements, enlargements, modifications and extensions of the System.

(30) "Special Facilities Bonds" revenue obligations of the Issuer which are not issued as Additional Bonds, and which are payable from any source, contract, or revenues whatsoever other than the Pledged Revenues; and Special Facilities Bonds may be issued for any lawful purpose and made payable from any source, contract, or revenues whatsoever other than the Pledged Revenues.

(31) "Walker-Calloway System" and "System" means all of the Issuer's Walker-Calloway Branches Outfall Trunk Sewer System, together with all improvements and additions to and extensions, enlargements, and replacements of such facilities. However, said terms do not include any facilities acquired or constructed by the Issuer with the proceeds from the issuance of Special Facilities Bonds.

(32) "Wholesale Wastewater Contract" means the contract between the Authority, the Cities and the City of Fort Worth, dated December 2, 1987 and amended on February 27, 1991 whereby the City of Fort Worth has agreed to provide wastewater treatment services related to the System for the Authority and the Cities.

Section 6. PLEDGE.

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

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

Section 7. REVENUE FUND. There has been created and there shall be maintained on the books of the Issuer, and accounted for separate and apart from all other funds of the Issuer, a special fund to be entitled the "Trinity River Authority of Texas (Walker-Calloway System) Revenue Bonds Revenue Fund" (hereinafter called the "Revenue Fund"). All Pledged Revenues shall be credited to the Revenue Fund promptly after they become available.

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

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

Section 10. DEPOSITS OF PLEDGED REVENUES; INVESTMENTS.

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

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

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

Section 12. DEBT SERVICE REQUIREMENTS.

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

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

Section 13. RESERVE FUND.

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

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

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

(d) An equivalent Reserve Fund Obligation may be substituted by the Issuer at any time and from time to time for all or any part of the money and/or investments held for the credit of the Reserve Fund, and such money and/or investments may be withdrawn and used for any lawful purpose, provided, however, that to the extent such funds were derived from the proceeds of Bonds, Parity Bonds or Additional Bonds, such funds may only be withdrawn and either (i) deposited into the Interest and Sinking Fund or (ii) applied for a purpose for which such Bonds, Parity Bonds or Additional Bonds were originally issued. If a Reserve Fund Obligation is

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

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

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

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

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

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

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

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

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

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

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

Section 14. DEFICIENCIES; EXCESS PLEDGED REVENUES.

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

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

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

Section 16. ADDITIONAL BONDS.

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

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

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

(d) Principal amounts of any Bonds, Parity Bonds or Additional Bonds or portions thereof which are required to be prepaid or redeemed on any date prior to scheduled due date or maturity pursuant to any mandatory redemption requirements shall be deemed to be due and maturing amounts of principal on the date required to be prepaid or redeemed.

Section 17. FURTHER REQUIREMENTS FOR ADDITIONAL BONDS. Additional Bonds shall be issued only in accordance with the provisions hereof, but notwithstanding any provisions hereof to the contrary, no installment, series, or issue of Additional Bonds shall be issued or delivered unless the President and the Secretary of the Board of the Issuer sign a written certificate to the effect that the Issuer is not in default as to any covenant, condition, or obligation in connection with all outstanding Bonds, Parity Bonds and Additional Bonds, and the resolutions authorizing the same, that the Interest and Sinking Fund and the Reserve Fund each contains the amount then required to be therein, and that either (1) based on a report of an independent engineer or firm of engineers, the Pledged Revenues, in each Fiscal Year thereafter, commencing with the third complete Fiscal Year following the date of such report, are estimated to be at least equal to 1.25 times the average annual principal and interest requirements of all Bonds, Parity Bonds and Additional Bonds to be outstanding after the delivery of the then proposed Additional Bonds, or (2) based upon an

opinion of legal counsel to the Issuer, there exists a Contract then in effect pursuant to which the Cities and others, if any, which are parties to such Contract are obligated to make payments to the Issuer during each Fiscal Year (including during periods when services of the System may not be available to such Cities and others) in such amounts as shall be necessary to provide to the Issuer Pledged Revenues sufficient to pay when due all principal of and interest on all Bonds, Parity Bonds and Additional Bonds to be outstanding after the issuance of the proposed Additional Bonds, and to make the deposits into the Reserve Fund as required under this Bond Resolution.

Section 20. DEFEASANCE OF BONDS.

(a) Any Bond and the interest thereon shall be deemed to be paid, retired, and no longer outstanding (a "Defeased Bond") within the meaning of this Bond Resolution, except to the extent provided in subsection (d) of this Section, when payment of the principal of such Bond, plus interest thereon to the due date (whether such due date be by reason of maturity or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar in accordance with an escrow agreement or other instrument (the "Future Escrow Agreement") for such payment (1) lawful money of the United States of America sufficient to make such payment or (2) Defeasance Securities that mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to provide for such payment, and when proper arrangements have been made by the Issuer with the Paying Agent/Registrar for the payment of its services until all Defeased Bonds shall have become due and payable. At such time as a Bond shall be deemed to be a Defeased Bond hereunder, as aforesaid, such Bond and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the Net Revenues as provided in this Bond Resolution, and such principal and interest shall be payable solely from such money or Defeasance Securities. Notwithstanding any other provision of this Bond Resolution to the contrary, it is hereby provided that any determination not to redeem Defeased Bonds that is made in conjunction with the payment arrangements specified in subsection 20(a)(i) or (ii) shall not be irrevocable, provided that: (1) in the proceedings providing for such payment arrangements, the Issuer expressly reserves the right to call the Defeased Bonds for redemption; (2) gives notice of the reservation of that right to the owners of the Defeased Bonds immediately following the making of the payment arrangements; and (3) directs that notice of the reservation be included in any redemption notices that it authorizes.

(b) Any moneys so deposited with the Paying Agent/Registrar may at the written direction of the Issuer also be invested in Defeasance Securities, maturing in the amounts and times as hereinbefore set forth, and all income from such Defeasance Securities received by the Paying Agent/Registrar that is not required for the payment of the Bonds and interest thereon, with respect to which such money has been so deposited, shall be turned over to the Issuer, or deposited as directed in writing by the Issuer. Any Future Escrow Agreement pursuant to which the money and/or Defeasance Securities are held for the payment of Defeased Bonds may contain provisions permitting the investment or reinvestment of such moneys in Defeasance Securities or the substitution of other Defeasance Securities upon the satisfaction of the requirements specified in subsection 20(a)(i) or (ii). All income from such Defeasance Securities received by the Paying Agent/Registrar which is not required for the payment of the Defeased Bonds, with respect to which such money has been so deposited, shall be remitted to the Issuer or deposited as directed in writing by the Issuer.

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

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

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

Section 23. CONSTRUCTION FUND. The Issuer hereby creates and establishes and shall maintain on the books of the Issuer a separate fund to be entitled the "Walker-Calloway System Construction Fund" for use by the Issuer for payment of all lawful costs associated with the acquisition and construction of the System as hereinbefore provided. The Issuer shall deposit the net proceeds from the sale of the Bonds into said Fund. Upon payment of all such costs, any moneys remaining on deposit in said Fund shall be transferred to the Interest and Sinking Fund.

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 the funds for these projects have come from the sale of tax exempt contract service revenue bonds, service payments from customers, federal grants and long term federal loans. The Authority has responsibility for operating certain of these projects (referred to below as “Operating”). Projects referred to below as “Non-Operating” require a limited amount of Authority personnel involvement and are primarily financing arrangements with the entities. These projects and those served include:

The Authority’s Revenue-Based Projects

Project Name (Operating)	Cities and Entities Served
Central Regional Wastewater System	Addison, Arlington, Bedford, Carrollton, Cedar Hill, Colleyville, Coppell, Dallas, Dallas/Fort Worth International Airport Board, Duncanville, Euless, Farmers Branch, Fort Worth, Grand Prairie, Grapevine, Hurst, Irving, Keller, Mansfield, North Richland Hills, and Southlake
Ten Mile Creek Regional Wastewater System	Cedar Hill, DeSoto, Duncanville, Ferris, and Lancaster
Denton Creek Regional Wastewater Treatment System	Argyle, Circle T Municipal Utility District No. 1, Circle T Municipal Utility District No. 3, Flower Mound, Fort Worth, Haslet, Keller, Northlake, Roanoke, Southlake and Westlake.
Red Oak Creek Regional Wastewater Project	Cedar Hill, DeSoto, Glenn Heights, Lancaster, Ovilla, and Red Oak
Mountain Creek Regional Wastewater System	Grand Prairie, Mansfield, Midlothian and Venus
Tarrant County Water Supply Project	Bedford, Colleyville, Euless, Grapevine, and North Richland Hills
Huntsville Regional Water Supply System	Huntsville
Livingston Regional Water Supply System	Livingston
Trinity County Regional Water Supply System	Glendale Water Supply Corp, Groveton, Riverside Water Supply Corp, Trinity, Trinity Rural Water Supply Corp and Westwood Shores MUD.
Lake Livingston—Wallisville Project	Houston, 21 lakeside communities (and two industries)
Livingston Recreation Facilities	Serving the General Public
Project Name (Non-Operating)	Cities and Entities Served
Walker-Calloway Branch Outfall Line	Hurst and North Richland Hills
Northeast Lakeview Project	Cedar Hill, Grand Prairie
Lakeview Regional Water Supply Project	Cedar Hill, Duncanville, and Grand Prairie

Project Name (Non-Operating)	Cities and Entities Served
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, Avalon Water and Sewer Service Corporation, 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
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. Federal Projects. The Authority will continue to serve as local sponsor of the Navarro Mills Reservoir, Bardwell Reservoir, the Wallisville Salt Water Barrier Project and Joe Pool Lake.

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

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

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

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

Pension Plan

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

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Other Outstanding Indebtedness of the Authority

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

Total Outstanding Principal by System/Project:	Outstanding March 1, 2018
Central Regional Wastewater System	\$ 887,060,000 ⁽¹⁾
Denton Creek Regional Wastewater Treatment System	122,340,000
Denton Creek Wastewater Interceptor(Fort Worth Project)	175,000
City of Fort Worth Water & Wastewater Transmission Contract (Sendera Ranch Project)	2,930,000
Trinity River Authority of Texas (General Improvement Project of The Authority)	3,561,838 ⁽²⁾
Huntsville Regional Water Supply System	11,255,000
Livingston Regional Water Supply Project	20,645,000
Mountain Creek Regional Wastewater System	12,880,000
Northeast Lakeview Wastewater Transportation Project	9,110,000
Red Oak Creek Regional Wastewater System	44,030,000
Tarrant County Water Project	112,005,000
Ten Mile Creek Regional Wastewater System	141,655,000
Town of Flower Mound Wastewater Transportation Project	3,515,000
Trinity County Regional Water Supply System Project	735,000
SUB-TOTAL	\$ 1,371,896,838
The Bonds	\$ 6,530,000
SUB-TOTAL	\$ 6,530,000
TOTAL	\$ 1,378,426,838

The Authority has entered into agreements with various companies to issue debt for the benefit of the companies. The companies make payments to service the debt through a trustee. The Authority has no obligation for this debt.

Outstanding Principal - Conduit Debt:	Outstanding March 1, 2018
Community Waste Disposal, Inc.	\$ 24,015,000

In addition to the preceding statement of indebtedness, the Trinity River Authority has four outstanding contracts with the U. S. Army Corp of Engineers related to water rights and flood control. Contractual revenues collected annually from the entities identified next to the projects below are used to pay debt service on these contracts.

Outstanding Principal - Project:	Outstanding March 1, 2018
Bardwell Reservoir (City of Ennis and Ellis Co. WCID#1)	\$ 591,606
Joe Pool Lake ARRA Costs	137,593
Wallisville Lake (City of Houston)	8,774,789
TOTAL	\$ 9,503,988

Cost-Share Liability Pay-off	Outstanding March 1, 2018
Lake Livingston (City of Houston)	79,428,631 ⁽³⁾

⁽¹⁾ Does not include debt service on the \$350,000,000 Extendable Commercial Paper Bonds ("ECP Bonds") program. The ECP Bonds are secured by and payable from a first lien on the Net Revenues of the System created in the resolution authorizing their issuance; provided that the pledge of Net Revenues securing the ECP Bonds is expressly made junior and subordinate to the pledge of Net Revenues securing First Lien Bonds as described herein. The ECP Bonds are and shall be secured by and payable only from the Net Revenues, from the proceeds from the sale of ECP Bonds to refinance maturing ECP Bonds (i.e., "roll") and the proceeds of Refunding Bonds to be issued by the Authority.

⁽²⁾ Includes a note in the outstanding balance of \$1,186,837.67

⁽³⁾ This figure represents the Authority's contingent liability associated with Lake Livingston's initial project cost plus annual operation and maintenance expenses. In connection with original agreements to construct Lake Livingston, the available yield of Lake Livingston was divided 70% for the City of Houston and 30% for the Authority. The Authority was responsible for 30% of the initial project cost plus annual operation and maintenance costs; its payments, however, were expressly based on the Authority's water sales from the Lake – the Authority would pay Houston \$2.20 per acre-foot of water sold by the Authority. The liability is considered a contingent liability because it is required to be paid only from the sale of water. However, the liability continues to accumulate because the \$2.20 per acre-foot fee is insufficient for the Authority to retire its 30% of annual costs of operating and maintaining Lake Livingston. In 2016, Houston and the Authority agreed to use the charges due from Houston to the Authority for water sales as a "credit" against this liability which will allow the Authority to retire the contingent liability by 2040 (or possibly sooner if the City of Houston exercises its rights to increase the maximum amount of water it is able to purchase from Lake Livingston).

TAX MATTERS

Opinion

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

In rendering its opinion, Bond Counsel to the Issuer will rely upon (a) the Issuer’s federal tax certificate and (b) covenants of the Issuer with respect to arbitrage, the application of the proceeds to be received from the issuance and sale of the Bonds and certain other matters. Failure of the Issuer to comply with these representations or covenants could cause the interest on the Bonds to become includable in gross income retroactively to the date of issuance of the Bonds.

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

A ruling was not sought from the Internal Revenue Service by the Issuer with respect to the Bonds or the Project. Bond Counsel’s opinion represents its legal judgment based upon its review of Existing Law and the representations of the Issuer that it deems relevant to render such opinion and is not a guarantee of a result. No assurances can be given as to whether or not the Internal Revenue Service will commence an audit of the Bonds, or as to whether the Internal Revenue Service would agree with the opinion of Bond Counsel. If an audit is commenced, under current procedures the Internal Revenue Service is likely to treat the Issuer as the taxpayer and the Bondholders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

Federal Income Tax Accounting Treatment of Original Issue Discount

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

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

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

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

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

Collateral Federal Income Tax Consequences

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

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

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

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

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

State, Local and Foreign Taxes

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

Future and Proposed Legislation

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under Federal or state law and could affect the market price or marketability of the Bonds. Any such proposal could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any such proposal being enacted cannot be predicted. Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

CONTINUING DISCLOSURE OF INFORMATION

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

Annual Reports

The Authority and the Contracting Parties will provide certain updated financial information and operating data to the MSRB annually. The information to be provided and updated by the Contracting Parties includes all quantitative financial information and operating data with respect to the Contracting Parties of the general type included in APPENDIX B to this Official Statement and each Contracting Party's audited financial statements, when and if available. Each of the Contracting Parties will file such information with the MSRB through its Electronic Municipal Market ("EMMA") system within six months after the end of each respective Contracting Party's fiscal year, beginning with the fiscal year ending in 2018. In addition, the Authority will file its audited financial statements with the MSRB through its EMMA system within six months after the end of the Authority's fiscal year, beginning with the fiscal year ending in 2018.

The financial information and operating data to be provided and updated by the Contracting Parties may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's Internet Web site or filed with the United States Securities and Exchange Commission (the "SEC"), as permitted by the Rule. The updated information will include audited financial statements, if the Authority and/or the Contracting Parties commission an audit and it is completed by the required time. If audited financial statements are not available by the required time, the Authority and/or each Contracting Party will provide unaudited financial statements within the required time and audited financial statements when and if such audited financial statements become available. Any such financial statements will be prepared in accordance with generally accepted accounting principles in effect at the time or that the Authority or the Contracting Parties may be required to employ from time to time pursuant to State law or regulation.

The Authority's fiscal year end is November 30 and each of the Contracting Party's fiscal year end is September 30. Accordingly, each Contracting Party must provide updated information by March 31 in each year and the Authority must provide updated information by May 31 in each year, unless any Contracting Party or the Authority, as applicable, changes its fiscal year. If any Contracting Party or the Authority change their fiscal year, such Contracting Party or the Authority, as applicable, will notify the MSRB of the change.

All financial information, operating data, financial statements and notices required to be provided to the MSRB shall be provided in an electronic format and be accompanied by identifying information prescribed by the MSRB.

Disclosure Event Notices

The Authority will provide timely notices of certain events to the MSRB. The Authority will provide notice in an electronic format as prescribed by the MSRB, in a timely manner (but not in excess of ten business days after the occurrence of the event), of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) Bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the Authority; (13) the consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of the assets of the Authority, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (14) appointment of a successor Paying Agent/Registrar or change in the name of the Paying Agent/Registrar, if material.

As used in clause (12) in the preceding paragraph, 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. In addition, the Contracting Parties will provide timely notice of any failure by the Contracting Parties to provide information, data, or financial statements in accordance with its agreement described above under "Annual Reports." The Authority or the Contracting Parties will provide each notice described in this paragraph to the MSRB.

Availability of Information

The Authority and the Contracting Parties have agreed to provide the foregoing information only as described above. Investors will be able to access continuing disclosure information filed with the MSRB free of charge at www.emma.msrb.org.

Limitations and Amendments

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

The Authority or the Contracting Parties may amend their continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Contracting Parties, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or (b) any person unaffiliated with the Authority or the Contracting Parties (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. The Authority or the Contracting Parties may also amend or repeal the provisions of the continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds. If the Authority or the Contracting Parties so amend the agreement, the Contracting Parties have agreed to include with the next financial information and operating data provided in accordance with their respective agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

Compliance With Prior Undertakings

Consistent with its prior continuing disclosure undertakings relating to its bonds, the Authority assumed certain responsibilities and the Contracting Parties assumed certain responsibilities for filing information, as described above. The Authority is responsible for making its filings in connection with the Rule but does not provide continuing disclosure filings for the Contracting Parties.

During the last five years, the Authority has complied in all material respects with all continuing disclosure undertakings made in accordance with the Rule.

During the last five years, the Contracting Parties have complied in all material respects with all continuing disclosure undertakings made by them in accordance with the Rule.

OTHER INFORMATION

Ratings

The Bonds are rated "___" by S&P Global Ratings, a division of S&P Global Inc. ("S&P"). An explanation of the significance of the rating may be obtained from S&P. The ratings reflect only the views of such organizations and the Authority makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by such rating companies, if in the judgment of such companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of 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 Parties that would have a material adverse financial impact upon the Authority or its operations of the System has been brought to the attention of the Authority.

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

Registration And Qualification of Bonds for Sale

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

Legal Investments and Eligibility to Secure Public Funds in Texas

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

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

Legal Matters

The Authority will furnish a complete transcript of proceedings relating to the authorization and issuance of the Bonds, including the approving legal opinion of the Attorney General of Texas approving the Bonds and to the effect that the Bonds are valid and legally binding special obligations of the Authority and, based upon examination of such transcript of proceedings, the approving legal opinion of Bond Counsel, to like effect and to the effect that the interest on the Bonds will be excludable from gross income for federal income tax purposes under Section 103(a) of the Code, subject to the matters described under "TAX MATTERS" herein, including the alternative minimum tax on corporations. Though it represents the Financial Advisor and the Underwriters from time to time in matters unrelated to the issuance of the Bonds, Bond Counsel has been engaged by and only represents the Authority in the issuance of the Bonds. Bond Counsel was not requested to participate, and did not take part, in the preparation of the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify and of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information in the Official Statement under the captions "PLAN OF FINANCING" (excluding the information under the subcaption "Sources and Uses of Bond Proceeds"), "THE BONDS" (excluding the information under the subcaption "Book-Entry-Only System"), "SELECTED PROVISIONS FROM THE WHOLESALE WATER CONTRACT (WALKER-CALLOWAY BRANCH OUTFALL TRUNK SEWER SYSTEM)," "SELECTED PROVISIONS FROM THE WASTEWATER TRANSPORTATION CONTRACT (WALKER-CALLOWAY BRANCH OUTFALL TRUNK SEWER SYSTEM)," "SELECTED PROVISIONS OF THE RESOLUTION," "TAX MATTERS," "CONTINUING DISCLOSURE OF INFORMATION" (excluding the information under the subcaption "Compliance with Prior Undertakings"), and the subcaptions "Registration and Qualification of Bonds for Sale," "Legal Investments and Eligibility to Secure Public Funds in Texas" and "Legal Matters" (excluding the last sentence of the first paragraph thereof) under the caption "OTHER INFORMATION," and such firm is of the opinion that the information relating to the Bonds and the legal issues contained under such captions and subcaptions is an accurate and fair description of the laws and legal issues addressed therein and, with respect to the Bonds, such information conforms to the Resolution. The legal fee to be paid to Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent on the sale and delivery of the Bonds. The legal opinion will accompany the Bonds deposited with DTC or will be printed on the Bonds in the event of the discontinuance of the Book-Entry-Only System. Certain legal matters will be passed upon for the Underwriters by their counsel, Norton Rose Fulbright US LLP, Dallas, Texas, whose legal fee for services rendered in connection with the issuance of the Bonds is contingent on the sale and delivery of the Bonds.

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

Authenticity of Financial Data and Other Information

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

Financial Advisor

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

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

Underwriting

Academy Securities, Inc., as representative of the Underwriters, has agreed, subject to certain conditions, to purchase the Bonds from the Authority at a purchase price of \$7,406,640.04, which represents the par amount of the Bonds, plus a net premium of \$945,943.00, less an Underwriters’ discount of \$69,302.96, and no accrued interest. The Underwriters’ obligations are subject to certain conditions precedent, and they will be obligated to purchase all of the Bonds if any of the Bonds are purchased. The Bonds may be offered and sold to certain dealers and others at prices lower than such public offering prices, and such public prices may be changed from time to time by the Underwriters.

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

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.

Miscellaneous

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 approve the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and will authorize its further use in the reoffering of the Bonds by the Underwriters.

TRINITY RIVER AUTHORITY OF TEXAS

J. KEVIN WARD
General Manager and Authorized Officer

APPENDIX A

BIOGRAPHICAL INFORMATION

Board of Directors
and
Management Officers

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BOARD OF DIRECTORS

CHRISTINA MELTON CRAIN of Dallas, Texas (president and member, executive 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 an executive 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 chairwoman of Dallas DOORS, a nonprofit organization serving the formerly incarcerated and their families. She is chairwoman of the Dallas County Criminal Justice Advisory Board Re-entry Council. 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. Crain serves as the prison representative to the UT Southwestern Medical Center Institutional Review Board. 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 chairwoman 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 and an alumna of Leadership Texas and Leadership Dallas. She is a former director of the Baylor Healthcare System Foundation. Crain is a 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 2013.

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

DAVID B. LEONARD of Liberty, Texas (chairman, executive committee). Leonard is the general manager and owner of Liberty-Dayton Chrysler, an auto dealership. He is a member of the Liberty-Dayton Chamber of Commerce and a member and past president of the Liberty Lions Club. Leonard is the director of the Knights of Columbus and a member of the Liberty Elks Lodge. He is past director of the Trinity Valley Exposition. He attended Lee College and was reappointed as director for Liberty County in 2013.

TOMMY G. FORDYCE of Huntsville, Texas (member, executive committee and chairman, administration and audit committee). Fordyce is a retired director of the Texas Criminal Justice Agribusiness Department. He is chair of the Huntsville Economic Development Council and vice president of the Lone Survivor Foundation. He is also a member of the Texas Assistive and Rehabilitative Services Council, the Kick Start for Kids program and the Huntsville Veterans' Affairs Advisory Board. He served in the U.S. Marine Corps and is a Vietnam War veteran. Fordyce earned a bachelor's degree from Sam Houston State University. Fordyce was reappointed as director for Walker County in 2013.

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

committee from 2005-2007 and chairman of the resources development committee from 2000-2002. He served as chairman of the administration committee from 2007-2009 and chairman of the legal committee from 2009-2013. Jenkins was reappointed as director at large in 2009.

JESS A. LAIRD of Athens, Texas (member, executive committee and chairman, legal and public policy committee). Laird is chief executive officer and president of First State Bank in Athens, Texas. He serves on the boards of directors of First State Bank in Athens, the Independent Bankers Association of Texas, the Athens Economic Development Corporation and the Trinity Valley Community College Foundation. He is also treasurer of the Henderson County Salvation Army. Previously, Laird served as president of the Athens Rotary Club, as president and director of the Cain Center and as president and director of the American Heart Association. He served on the board of managers for the East Texas Medical Center, and he has served on the board of directors for the Region VII Education Service Center, the Henderson County United Way and Keep Athens Beautiful. He earned a bachelor's degree from Texas A&M University and a master's degree from the University of Texas in Tyler. Laird was reappointed as director for Henderson County in 2013.

C. DWAYNE SOMERVILLE of Mexia, Texas (member, executive committee and chairman, utility services committee). Somerville is president and owner of Natural Alternatives, Inc., Henderson RV Sales, Palestine RV Center, Eagle Ford RV Park, South Texas Family Housing, and Wash Mart Laundry, and president of Fairfield Homes and Land, LLC. He is a member of the Coin Laundry Association, an assistant scoutmaster of the Mexia Boy Scouts of America, and a youth group leader for the First Baptist Church of Mexia. Somerville attended Kilgore College. Somerville was appointed as director for Freestone County in 2013.

HAROLD L. BARNARD of Waxahachie, Texas (member, legal and public policy 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 past director and president of the Ellis County Museum board of directors. He is a past 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 2013.

WHITNEY D. BECKWORTH of Fort Worth (member, utility services committee). Beckworth is an associate, in the litigation practice group, at Kelly Hart & Hallman LLP. She is a member of the State Bar of Texas, Tarrant County Bar Association, Tarrant County Young Lawyers Association, American Bar Association, and Eldon B. Mahon Inn of Court. Beckworth received a Bachelor of Arts in political science from Stanford University and a Juris Doctor from The University of Texas School of Law. Beckworth was appointed as director at large in 2017.

HENRY BORBOLLA III of Fort Worth, Texas (member, utility services committee). Henry Borbolla is a Fort Worth native and graduate of TCU. He is a banker with BB&T - Branch Banking & Trust and provides a wide range of financing, treasury management and risk management services to business clients in the greater Tarrant County area. His community involvements include board or committee positions with Big Brothers Big Sisters, Bobby Bragan Youth Foundation, Casa Manana, Catholic Charities, Community Hospice of Texas, Fort Worth Stock Show, Tarrant County Housing Partnership, and the University of North Texas Health Science Center Foundation. Others include the Fort Worth Visitors and Convention Bureau, Downtown Design Review Board, and the Trinity River Authority. He is a member of the Rotary Club of Fort Worth and the Fort Worth Stock Show Syndicate. Borbolla was reappointed as director for Tarrant County in 2013.

STEVE CRONIN of Shepherd, Texas (member, resources development committee). Cronin is an Agricultural Science teacher at Shepherd Independent School District and the owner of Magnolia Farms Sheep Farm. He is a member of the Vocational Agricultural Teachers Association of Texas. He is secretary/treasurer and past president of the County Farm Bureau, member of National Wild Turkey Federation an SJC, Advisor of Shepherd FFA Booster Club and on the San Jacinto County Fair Association Committee. He is a San Jacinto County 4-H leader, teaches hunter education classes through the Texas Parks and Wildlife Department. Cronin served more than seven years as an agriculture field representative for the Texas Farm Bureau and more than seven 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, legal and public policy committee). Davis is a retired school administrator in the Buffalo Independent School District and member of the Texas Association of School Administrators, Texas Association of Secondary School Principals, Texas Elementary Principals and Supervisors Association, and Texas Association of Mediators. She is also a member of the State Bar of Texas Alternative Dispute Resolution Section, Texas Mediation Trainers Roundtable and Texas Farm Bureau. Davis received a bachelor's degree from Sam Houston State University, a master's degree in educational leadership and conflict resolution from Abilene Christian University and completed her superintendent certification from the University of Texas at Tyler. She was reappointed to serve for Leon County until March 15, 2017.

MARTHA A. HERNANDEZ of Burleson, Texas (member, legal and public policy 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 2013.

VICTORIA K. LUCAS of Terrell (member, legal and public policy committee). Lucas is vice president for American National Bank of Texas. She is vice chairman and former chairman of economic development for the Terrell Chamber of Commerce and treasurer and past president of the Kaufman County A&M Club. Additionally, she is vice chair of development for the Terrell ISD Excellence Foundation, vice president of Friends of the Hulsey Public Library, and member of Social Science Club of Terrell and Kiwanis International. Lucas received her Bachelor of Science in industrial distribution from Texas A&M University.

DENNIS "JOE" MCCLESKEY of Apple Springs, Texas (member, resources development committee). McCleskey is owner of Angelina Excavating Inc. He is secretary/treasurer of the Piney Woods Chapter of the National Wild Turkey Federation and a member of the Texas Wildlife Association, the Lufkin Host Lions Club, and the Angelina County Youth Fair Buyers Group Committee. He is also past president of the Deep East Texas Association of Builders, a former committee member of the Hudson ISD Community Involvement Advisory Board, and a past volunteer with the Angelina County Habitat for Humanity. McCleskey was appointed director for Trinity County in 2013.

ROBERT F. MCFARLANE, M.D. of Palestine (member, resources development committee). McFarlane is a cardiologist with East Texas Physician's Alliance, and was also the owner and sole proprietor of The BigWoods on the Trinity from 1995-2015. He is a member of the Texas Medical Association and Texas Wildlife Association. In addition, he founded the Trinity Waters Foundation and served as its president for five years. McFarlane received a Bachelor of Arts in chemistry from Harvard College and a Doctor of Medicine from Harvard Medical School, and is board certified in internal medicine and cardiology.

JAMES W. NEALE of Dallas, Texas (member, resources development 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. Neale was reappointed as director for Dallas County in 2013.

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.

WILLIAM O. RODGERS of Fort Worth (member, administration and audit committee). Rodgers is vice president of Collins and Young, LLC. He is a board member of the Fort Worth Nature Center and Edwards Family Charitable Giving. Rodgers received a bachelor's degree from Texas Christian University.

AMIR RUPANI of Dallas, Texas (member, administration and audit 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. Rupani was reappointed as director at large in 2013.

ANA LAURA SAUCEDO of Dallas, Texas (member, utility services 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 2013.

DUDLEY K. SKYRME of Palestine, Texas (member, resources development committee). Skyrme is a retired sales and construction manager for United Bilt Homes, LLC, and is a volunteer of the Palestine Community Food Pantry. He served in the US Navy. Skyrme received a bachelor's degree from the University of Central Arkansas. Skyrme was appointed as director for Anderson County in 2013.

J. CAROL SPILLARS of Madisonville, Texas (member, administration and audit 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 2013.

FRANK H. STEED, JR. of Kerens (member, administration and audit committee). Steed is a 45 plus year veteran of the restaurant industry and is president and CEO of The Steed Consultancy. He is president and commissioner of the Navarro County Emergency Services District #1 and a board member and past chairman of the Corsicana-Navarro County Chamber of Commerce. Previously, he served as a member of the Board of Governors of the University of North Texas School of Hospitality and the Women's Food Service Forum. Steed received an honorable discharge from the Mississippi Army National Guard.

EDWARD C. WILLIAMS, III of Dallas (member, utility services committee). Williams is managing director of World Class Capital Group. He is a scout master for Boy Scouts of America Troop 125. Williams received a Bachelor of Business Administration in finance and accounting from Oklahoma University and a Master of Business Administration from Southern Methodist University.

MANAGEMENT OFFICERS

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

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

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

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

FIONA M. ALLEN, P.E., regional manager, Northern Region. Allen joined the TRA in March 2011. She is responsible for the planning, development, and operations of the Authority's water and wastewater systems in the northern region. Following eight years of consulting engineering experience early in her career, she joined the city of Arlington, Texas. Over her 20-year career at the city, Allen served in various roles, including 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 2013. 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 Dwight Look College of Engineering advisory council. She serves as the Water Utility Council co-chair for the Texas Section of the American Water Works Association and executive committee and board member of the Texas Water Conservation Association, representing the municipal panel. She is a past board member of the Texas Municipal League, past president of the Texas Municipal Utilities Association, and former chair of the Texas A&M civil engineering department advisory council. She holds a bachelor's degree from Texas A&M University.

ALISON A. MACKEY, CPA, chief financial officer. Mackey received a Bachelor of Business Administration Degree in Accounting from Texas Tech University as well as a Master of Business Administration Degree in Finance from the University of Texas at Arlington. Mackey became a Certified Public Accountant in 1985 and was employed by Hunt Energy Corp. for several years before joining the Authority in 2001 as Internal Auditor. She was promoted to Manager, Special Projects, then Executive Assistant to the General Manager, and Executive Project Manager before becoming Chief Financial Officer. She is currently serving as the Secretary of the Arlington Federal Credit Union Board of Directors. She has held various volunteer leadership positions with the Parent Teacher Association of Texas and the YMCA of Arlington where she was a Board Member. She is currently a member of the Texas Society of Certified Public Accountants, the Texas Water Conservation Association, the American Water Works Assoc. and the Water Environment Federation.

JIMMIE R. SIMS, regional manager, Southern Region. Sims received a bachelor's degree from Texas A&M University. He began working for the Trinity River Authority in 1973 at the Devers Canal System and became project manager for Lake Livingston recreation facilities in 1977. In 1983 he became project manager for the Lake

Livingston utility services project and advanced to division manager of the water services division in 1985. Sims was promoted to assistant regional manager, Southern Region, in 1988 and advanced to his current position in 1996. Sims is a former member of the board of directors of the Huntsville-Walker County Chamber of Commerce. He has also served as chairman of the Huntsville Planning and Zoning Commission and is an active member of the American Water Works Association and the Texas Water Conservation Association. He has served on the board of directors of the Huntsville Boys Baseball Association and has been an active supporter of Huntsville area youth baseball programs. In addition, Sims served as the executive vice president of the Huntsville Amateur Baseball Association and was recognized as the 2007 Volunteer of the Year by that organization.

GLENN C. CLINGENPEEL, Manager, Planning and Environmental Services. Mr. Clingenpeel received bachelor of arts and bachelor of science degrees in biology from the University of Texas, a master of science in environmental sciences from the University of North Texas and a master of business administration from the University of Texas at Arlington. He also possesses an associate degree in French and attended the Sorbonne University in Paris, France. Mr. Clingenpeel is a member of the Golden Key National Honor, Tri Beta Biology Honor and Beta Gamma Sigma Business Honor societies and was recognized in 2006 as an MBA All-Star by the Dallas Business Journal. He joined the Trinity River Authority in April of 1998 as the Clean Rivers Program Coordinator and was promoted to the position of Manager of Special Studies and Assessments in 2000. In December of 2005 he was promoted to the position of Executive Assistant to the General Manager. In February of 2014 Mr. Clingenpeel was promoted to the position of Senior Manager, Planning and Environmental Management before being promoted to his current position of Manager, Planning and Environmental Services. He has presented dozens of papers on water quality and quantity issues and serves on several local, state and federal committees including the North Central Texas Council of Governments' Water Resources Council, the Texas Commission on Environmental Quality's Surface Water Quality Standards Workgroup, and the Committee Galveston Bay Council where he serves as vice-chair. Mr. Clingenpeel is a long-time board member of the Allied Federal Credit Union where he currently serves as Chair.

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

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.

APPENDIX B

**TRINITY RIVER AUTHORITY OF TEXAS
WALKER-CALLOWAY SYSTEM
2017 REVENUE REPORT**

*City of Hurst, Texas
City of North Richland Hills, Texas*

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CITY OF HURST, TEXAS

TABLE 1 - WATER AND SEWER SYSTEM CONDENSED STATEMENT OF OPERATIONS

	Fiscal Year Ended September 30,				
	2016	2015	2014	2013	2012
Revenues					
Water Sales	\$ 12,313,046	\$ 12,102,351	\$ 11,766,691	\$ 19,287,736	\$ 18,777,841
Storm Water Drainage	7,278,484	6,956,840	6,851,507	-	-
Interest on Investments	392,605	441,256	448,420	108,544	132,898
Miscellaneous	28,944	204,036	57,844	526,414	454,686
Total Revenue	\$ 20,013,079	\$ 19,704,483	\$ 19,124,462	\$ 19,922,694	\$ 19,365,425
Expenses					
Personnel Services	\$ 4,144,301	\$ 3,880,847	\$ 3,708,719	\$ 3,647,254	\$ 3,593,948
Contractual Services	8,432,147	7,988,111	7,528,438	6,930,669	6,483,580
Repairs and Maintenance	523,444	606,518	603,786	449,973	527,951
Materials and Supplies	149,565	156,834	150,826	248,101	169,459
Indirect Cost/Street Rental Fees	3,598,793	3,520,137	3,454,018	3,523,461	3,495,076
Other	1,408,112	1,206,160	1,068,718	1,096,899	1,020,958
Total Expense	\$ 18,256,362	\$ 17,358,607	\$ 16,514,505	\$ 15,896,357	\$ 15,290,972
Net Available for Debt Service	\$ 1,756,717	\$ 2,345,876	\$ 2,609,957	\$ 4,026,337	\$ 4,074,453
Water Customers	12,257	12,226	12,237	11,526	12,155
Sewer Customers	12,129	12,065	12,076	11,227	11,856

TABLE 2 - COVERAGE AND FUND BALANCES

As of January 1, 2018, the City has no water and sewer revenue bonds outstanding.

TABLE 3 - AUTHORIZED BUT UNISSUED REVENUE BONDS

As of January 1, 2018, the City has no authorized but unissued revenue bonds, and pursuant to State law is not required to approve its revenue bonds through election.

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TABLE 4 – HISTORICAL WATER USAGE

Fiscal Year Ended 9/30	Water Usage		
	Average Day Usage (Gallons)	Peak Day Usage (Gallons)	Total Usage (Gallons)
2012	5,750,000	8,963,000	2,099,841,000
2013	5,573,938	9,032,000	2,034,487,540
2014	5,288,853	8,713,000	1,930,431,260
2015	4,961,155	8,718,000	1,810,821,410
2016	4,910,762	8,236,000	1,797,338,820

TABLE 5 - MONTHLY WATER RATES (EFFECTIVE OCTOBER 1, 2016) (*)

All customers		
Minimum	2,000 gallons *	\$16.84
Over	2,000 gallons	6.77 per 1,000 gallons

* Commercial meters larger than 1 inch are assessed an additional base fee equal to \$2, \$5 or \$7 based upon meter size.

TABLE 6 - MONTHLY SEWER RATES (EFFECTIVE OCTOBER 1, 2016)

All customers		
Minimum	2,000 gallons *	\$16.84
Over	2,000 gallons	6.77 per 1,000 gallons

* Commercial meters larger than 1 inch are assessed an additional base fee equal to \$2, \$5 or \$7 based upon meter size.

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CITY OF NORTH RICHLAND HILLS, TEXAS

TABLE 1 - WATERWORKS AND SEWER SYSTEM CONDENSED STATEMENT OF OPERATIONS

<u>Operating Revenues</u>	Fiscal Year Ended September 30,				
	2016	2015	2014	2013	2012
Water and Sewer Service Sales	\$ 29,330,845	\$ 28,742,666	\$ 29,465,628	\$ 29,202,286	\$ 27,831,190
Service Charges	1,002,141	920,165	918,662	920,210	936,136
Inspection Fees	98,137	101,472	87,990	36,235	67,467
Assessment Revenue	-	-	-	-	-
Other Intergovernmental	111,265	60,439	84,842	138,831	80,660
Other Revenues	-	-	10,898	3,133	15,782
Other Income (Expense)	2,051	2,098	-	-	-
Investment Income	-	-	-	-	38,304
Total Revenues	\$ 30,544,439	\$ 29,826,840	\$ 30,568,020	\$ 30,300,695	\$ 28,969,539
<u>Operating Expenses</u> ⁽¹⁾					
Contractual Services	\$ 1,827,856	\$ 1,752,357	\$ 1,650,172	\$ 1,723,129	\$ 1,628,276
Water Purchases	10,050,265	10,279,601	8,252,196	8,268,079	7,922,294
Wastewater Treatment Services	5,721,262	4,880,490	5,018,420	4,715,471	3,845,819
Personal Services	5,505,015	5,104,575	5,310,489	5,141,377	5,038,489
Repairs and Maintenance	4,261,622	4,252,177	3,798,958	3,958,178	4,707,076
Supplies	410,294	305,403	317,599	277,003	258,760
Payments in Lieu of Taxes	-	-	-	-	-
Administration Fees	-	-	-	-	-
Total Operating Expenses	\$ 27,776,314	\$ 26,574,603	\$ 24,347,834	\$ 24,083,237	\$ 23,400,714
Net Available for Debt Service	\$ 2,768,125	\$ 3,252,237	\$ 6,220,186	\$ 6,217,458	\$ 5,568,825
Water Connections	21,601	21,301	21,141	20,936 ⁽²⁾	20,792
Sewer Connections	20,248	19,966	19,761	19,603 ⁽²⁾	19,469

(1) Excludes Depreciation.

(2) Restated.

TABLE 2 - COVERAGE AND FUND BALANCES

As of January 1, 2018, there is no Water and Sewer revenue debt outstanding.

TABLE 3 - AUTHORIZED BUT UNISSUED REVENUE BONDS

As of January 1, 2018, the city has no authorized but unissued revenue bonds.

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TABLE 4 – TOP TEN WATER USERS

<u>Customer</u>	<u>Type of Property</u>	<u>FYE 9/30/16 Water Usage (In Gallons)</u>	<u>Percent of Total Water Usage</u>
Doskocil Food (Tyson)	Food Processor	118,918,020	3.70%
North Hills Hospital	Hospital	54,564,446	1.70%
Aragon 2014	Apartments	41,545,760	1.30%
BISD	Schools	38,452,632	1.20%
Silver Creek Apts	Apartments	22,183,002	0.70%
Bluffs at Iron Horse	Apartments	21,941,892	0.70%
Star Meadows, LLC	Apartments	18,261,418	0.60%
Abbey Residential Service	Apartments	16,803,386	0.50%
RFI Hilltop, LLC	Apartments	16,691,396	0.50%
Star Delano, LLC	Apartments	15,552,566	0.50%
		<u>364,914,518</u>	<u>11.40%</u>

(1) Total water consumption figures include amounts provided for Watauga by North Richland Hills.

TABLE 5 - WATER USAGE (IN GALLONS)

<u>Fiscal Year Ended 9/30</u>	<u>Peak Day Usage</u>	<u>Average Day Usage</u>	<u>Total Usage</u>
2012	21,977,000	9,772,799	3,576,844,560
2013	19,629,000	9,561,878	3,490,085,380
2014	18,259,000	9,123,328	3,339,137,910
2015	19,318,000	8,716,098	3,181,375,930
2016	19,560,000	8,678,648	3,176,385,060

TABLE 6 - MONTHLY WATER RATES (EFFECTIVE OCTOBER 1, 2016)

1. Billing policy where only one user or building is tied to the same meter:

The monthly bill will be computed as follows. The minimum bill taken from Schedule A plus a volume charge of \$3.16 per 100 cubic feet on monthly volume greater than minimum volume from Schedule A.

2. Billing policy where more than one user or building is tied onto the same meter:

It shall be the policy of the city to bill each home, homes, duplex, triplex, offices or any other building where more than one user is tied on the same meter at the rate of \$10.00 per unit per month per minimum for the first 267 cubic feet of water used per unit, plus a volume charge calculated from Schedule A.

3. Billing for apartment complexes and trailer parks:

- A. \$10.00 per month for each apartment for the first 267 cubic feet of water used plus a volume charge calculated from Schedule A.

- B. Apartment house or trailer park owner shall furnish a certified statement of occupancy prior to the 10th of each month. Failure to file occupancy statement will result in billing for 100% occupancy.

(Volume Used in Cubic Feet)

Meter Size (inches)	<u>3/4"</u>	<u>1"</u>	<u>1 1/2"</u>	<u>2"</u>
Minimum Bill	\$ 10.00	\$ 16.70	\$ 33.30	\$ 53.30
Volume Charge				
Minimum Bill for the first:	268	447	890	1,424
\$3.16 for all above:	3,001	3,001	3,001	3,001
Water Pass Through Charge:	<hr/> <u>Public \$1.58 per cubic foot</u> <hr/>			

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TABLE 7 - SEWER RATES

Rates include a base charge and volume charges for each 100 cubic feet consumed over the base. There is also a pass through rate for each 100 cubic feet consumed for the purchase of water from the City of Fort Worth and the Trinity River Authority. (Pass through rates are subject to change annually by the City of Fort Worth and Trinity River Authority. The City of North Richland Hills does not mark up or make a profit off pass through rates.)

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Commercial Multi Unit/Tenant

All Meter Sizes

Base rate per unit, first 267 cubic feet	\$	10.00
Tier 1: 268 - 1,300		3.10
Tier 2: 1,301 cubic feet and over		3.16
Pass through rate:		1.58

All Other Commercial/Industrial Classes

Three quarter inch meter

Base: first 267 cubic feet	\$	10.00
Tier 1: 268 - 1,300		3.10
Tier 2: 1,301 cubic feet and over		3.16
Pass through rate:		1.58

One inch meter

Base: first 446 cubic feet	\$	16.70
Tier 1: 890 - 1,300 cubic feet		3.10
Tier 2: 1,301 cubic feet and over		3.16
Pass through rate:		1.58

One and one-half inch meter

Base: first 889 cubic feet	\$	33.30
Tier 1: 890 - 1,300 cubic feet		3.10
Tier 2: 1,301 cubic feet and over		3.16
Pass through rate:		1.58

Two inch meter

Base: first 1,423 cubic feet	\$	53.30
Tier: 1,424 cubic feet and over		3.16
Pass through rate:		1.58

Three inch meter

Base: first 2,670 cubic feet	\$	100.00
Tier: 2,671 cubic feet and over		3.16
Pass through rate:		1.58

Four inch meter

Base: first 2,849 cubic feet	\$	106.70
Tier: 2,850 cubic feet		3.16
Pass through rate:		1.58

Six inch meter

Base: first 8,899 cubic feet	\$	333.30
Tier: 8,900 cubic feet and over		3.16
Pass through rate:		1.58

Eight inch meter

Base: first 16,020 cubic feet	\$	600.00
Tier: 16,021 cubic feet and over		3.16
Pass through rate:		1.58

Loading Dock/Tank Truck Customers

Volume rate for a all usage per 1,000 gallons	\$	4.25
Pass through rate:		2.11

COMMERCIAL MULTI UNIT / TENANT SEWER RATES (EFFECTIVE OCTOBER 1, 2015)

Rates include a base charge per unit and volume charges for each 100 cubic feet. There is also a pass through rate for each 100 cubic feet for the treatment of sewage by the City of Fort Worth and the Trinity River Authority.

Base per unit:	\$	8.39
Volume:		1.54
Pass through rate:		1.24

ALL OTHER COMMERCIAL / INDUSTRIAL CLASSES SEWER RATES (EFFECTIVE OCTOBER 1, 2015)

Rates include a base charge .and volume charges for each 100 cubic feet. There is also a pass through rate for each 100 cubic feet for the treatment of sewage by the City of Fort Worth and the Trinity River Authority.

Base:	\$	8.39
Volume:		1.54
Pass through rate:		1.24

TABLE 8 – DEPOSITS

Schedule B
(Water and Sewer Deposits)
(Effective Jan 1, 2009)

Customer Type	Water	Sewer without BOD/TSS	Total Deposit without BOD/TSS	Customer Type	Water	Sewer with BOD/TSS	Total Deposit with BOD/TSS
Residential:	\$ 60.00	\$ 40.00	\$ 100.00	Residential:	\$ -	\$ -	\$ -
All sizes:				All sizes:			
Commercial:				Commercial:			
3/4"	\$ 70.00	\$ 50.00	\$ 120.00	3/4"	\$ 70.00	\$ 200.00	\$ 270.00
1"	200.00	100.00	300.00	1"	200.00	275.00	475.00
1 ½"	380.00	350.00	730.00	1 ½"	380.00	700.00	1,080.00
2"	800.00	600.00	1,400.00	2"	800.00	1,200.00	2,000.00
3"	800.00	700.00	1,500.00	3"	800.00	1,300.00	2,100.00
4-8"	3,300.00	3,000.00	6,300.00	4-8"	3,300.00	6,000.00	9,300.00

APPENDIX C

CERTAIN FINANCIAL AND OPERATING DATA OF THE WALKER-CALLOWAY BRANCH OUTFALL TRUNK
SEWER SYSTEM (UNAUDITED)

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TRINITY RIVER AUTHORITY OF TEXAS

**NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
NOVEMBER 30, 2017**

**WALKER-
CALLOWAY
BRANCHES**

Assets

Current Assets:

Unrestricted Assets:

Cash	-
Equity in Pooled Cash and Investments	1,848,211
Accounts Receivable, Net of Allowance	-
Accounts Receivable - Contracting Parties	-
Contract Receivable - Current	-
Interest Receivable	-
System Contribution Receivable - Current	-
Prepays and Other Assets	-
Inventory	-
Due from Other Authority Funds	-
Due from (to) Restricted Assets	-
Total Unrestricted Assets	<u>1,848,211</u>

Restricted Assets:

Cash	-
Equity in Pooled Cash and Investments	662,941
Money Market Fund	-
US Government Agency and Instrumentality Obligations	-
Accounts Receivable	-
Accounts Receivable - Contracting Parties	-
Accrued Investment Income	-
Due from (to) Current Assets	-
Total Restricted Assets	<u>662,941</u>

Total Current Assets 2,511,152

Noncurrent Assets:

Capital Assets:

Land and Easements	567,301
Water Storage Rights	-
Sewage System and Extensions	1,014,055
Buildings	-
Recreational Facilities	-
Reservoir and Facilities	-
Water Transportation and Treatment Facilities	-
Machinery and Equipment	-
Construction-in-Progress	368,937
Accumulated Depreciation	(1,014,055)
Total Capital Assets, Net	<u>936,238</u>

Other Noncurrent Assets:

Direct Financing Arrangement Receivable	-
Contract Receivable - Long Term	-
System Contribution Receivable	-
Total Other Noncurrent Assets	<u>-</u>

Total Noncurrent Assets 936,238

Total Assets 3,447,390

Deferred Outflows of Resources

Deferred Amount on Refunding	-
Premium for Deferred Charges	-

Total Deferred Outflows of Resources -

UNAUDITED

(continued -2)

**WALKER-
CALLOWAY
BRANCHES**

Liabilities

Current Liabilities:

Payable from Unrestricted Assets:	
Accounts Payable and Accrued Expenses	582,451
Accounts Payable - Contracting Parties	901,690
System Contribution Payable - Current	-
Contracts Payable - Current Maturities	-
Unearned Revenue	-
Due to Other Authority Funds	4,384
Accrued Interest Payable	-
Total Payable from Unrestricted Assets	<u>1,488,525</u>

Payable from Restricted Assets:	
Accounts and Retainage Payable	14,537
Extendible Commercial Paper	-
Revenue Bonds - Current Maturities	-
Accrued Interest on Bonds Payable	-
Unearned Revenue	-
Total Payable from Restricted Assets	<u>14,537</u>

Total Current Liabilities 1,503,062

Long-Term Liabilities:

Revenue Bonds Payable, Less Current Maturities	-
System Contribution Payable	-
Accounts Payable and Accrued Expenses	-
Unearned Revenue	-
Contracts Payable, Less Current Maturities	-

Total Long-Term Liabilities, Net -

Total Liabilities **1,503,062**

Deferred Inflows of Resources

Deferred Gain on Refunding -

Total Deferred Inflows of Resources **-**

Net Position

Net Investment in Capital Assets	936,238
Restricted for:	
Debt Service	-
Construction	648,404
Other Purpose	-
Unrestricted	<u>359,686</u>

Total Net Position **1,944,328**

UNAUDITED

TRINITY RIVER AUTHORITY OF TEXAS

NONMAJOR ENTERPRISE FUNDS

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2017**

	WALKER- CALLOWAY BRANCHES
Operating Revenues:	
Wastewater Contract Revenue	3,610,502
Water Supply Contract Revenue	-
Water Storage Contract Revenue	-
Raw Water Contract Revenue	-
Direct Financing Arrangement Revenue	-
Recreational Facilities Fees	-
Reclaimed Wastewater Revenue	-
Professional Services	-
Grant Revenue	-
Other	-
Total Operating Revenues	3,610,502
Operating Expenses:	
Personal Services	-
Supplies	-
Other Services and Charges	3,620,179
Depreciation	-
Total Operating Expenses	3,620,179
Operating Income (Loss)	(9,677)
Non-Operating Revenues (Expenses):	
Interest Expense	-
Debt Issuance Costs	-
Investment Income	18,463
Debt Related Fees	-
Other	-
Total Non-Operating Revenues (Expenses) - Net	18,463
Income (Loss) Before Contributions, Contribution Refunds, and Transfers	8,786
CONTRIBUTIONS	366,000
CONTRIBUTION REFUNDS	-
GAIN ON DEBT FORGIVENESS	-
TRANSFERS IN	-
TRANSFERS OUT	-
Change in Net Position	374,786
Net Position - December 1, 2016	1,569,542
Net Position - November 30, 2017	1,944,328

UNAUDITED

TRINITY RIVER AUTHORITY OF TEXAS

**NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2017**

	WALKER- CALLOWAY BRANCHES
Cash Flows from Operating Activities:	
Cash Received from Customers	4,581,845
Cash Received on Direct Financing Arrangement	-
Cash Payments to Suppliers for Goods and Services	(3,549,511)
Cash Payments for Employee Services	-
Cash Payments to Other Funds for Services	(61,386)
Cash Payments to Customers	-
Cash from Other Sources	-
	<hr/>
Net Cash Provided by (Used For) Operating Activities	970,948
Cash Flows from Non-Capital Financing Activities:	
Transfer to Other Authority Funds	-
	<hr/>
Net Cash Provided by (Used for) Non-Capital Financing Activities	-
Cash Flows from Capital and Related Financing Activities:	
Acquisition and Construction of Capital Assets, Exclusive of Capitalized Interest	(729,921)
Principal Paid on Revenue Bond Maturities	-
Interest Paid on Revenue Bonds	-
Principal Paid on Contracts Payable	-
Interest Paid on Contracts Payable	-
Debt Related Fees	-
Net Proceeds from the Sale of Capital Assets	-
Debt Issuance Costs Refunded	-
Proceeds from Issuance of Bonds	-
Cash Deposited in Trust for Defeasance of Debt	-
Contributions Refunded	-
Contributions Received	366,000
Cash Received for Debt Payoff	-
Cash Payments to Customers Due to Debt Forgiveness	-
	<hr/>
Net Cash Provided by (Used for) Capital and Related Financing Activities	(363,921)
Cash Flows from Investing Activities:	
Purchase of Investments	-
Proceeds from the Sales and Maturities of Investments	-
Cash Received for Investment Income	18,463
	<hr/>
Net Cash Provided by (Used For) Investing Activities	18,463
Total Change in Cash and Cash Equivalents	625,490
Cash and Cash Equivalents, Beginning of Year	1,885,662
Cash and Cash Equivalents, End of Year	2,511,152

UNAUDITED

(continued -2)

	<u>WALKER- CALLOWAY BRANCHES</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:	
Operating Income (Loss)	(9,677)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:	
Depreciation	-
Miscellaneous Income	-
Change in Assets and Liabilities:	
Due to Other Authority Funds	2,050
Due from Other Authority Funds	-
Accounts Receivable - Contracting Parties	69,653
Contracts Receivable	-
Interest Receivable	-
Accounts Receivable	-
Prepays and Other Assets	-
Accounts Payable - Contracting Parties	901,690
Accounts Payable and Accrued Expenses	7,232
Direct Financing Arrangement Receivable	-
Contract Interest Payable	-
Unearned Revenue	-
Premium for Deferred Charges	-
Total Adjustments	<u>980,625</u>
Net Cash Provided by (Used For) Operating Activities	<u>970,948</u>
Supplemental Noncash Disclosures:	
Amortization of Bond Premium/Discount	-
Amortization of Loss on Refunding	-
Deferral of Interest Expense on Uncommitted Portion of Long-Term Debt	-
Change in Liabilities Related to Capital Assets	(925)
Change in Fair Value of Investments	-
Bond Proceeds Deposited in Trust for Defeasance of Debt	-
Bond Issuance Costs Retained from Bond Proceeds	-
Transfer of Capital Assets	-

UNAUDITED

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APPENDIX D

FORM OF BOND COUNSEL'S OPINION

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Proposed Form of Opinion of Bond Counsel

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

**TRINITY RIVER AUTHORITY OF TEXAS
(WALKER-CALLOWAY SYSTEM)
REVENUE BONDS, SERIES 2018**

IN THE AGGREGATE PRINCIPAL AMOUNT OF \$6,530,000

AS BOND COUNSEL FOR THE TRINITY RIVER AUTHORITY OF TEXAS (the "Issuer") of the Bonds described above (the "Bonds"), we have examined into the legality and validity of the Bonds, which are payable, bear interest and are subject to further provisions, all in accordance with the terms and conditions stated in the text of the Bonds and the resolution of the Issuer authorizing the issuance of the Bonds, including the Pricing Certificate of General Manager authorized thereby (collectively, the "Bond Resolution").

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

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

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

600 Congress Ave., Suite 1800
Austin, Texas 78701
T 512.478.3805
F 512.472.0871

717 North Harwood, Suite 900
Dallas, Texas 75201
T 214.754.9200
F 214.754.9250

700 N. St. Mary's Street, Suite 1525
San Antonio, Texas 78205
T 210.225.2800
F 210.225.2984



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

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

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

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

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

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



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

Respectfully,

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