



(See "Continuing Disclosure of Information" herein)

OFFICIAL STATEMENT

Dated May 25, 2011

Ratings:
S&P: "AAA"
Fitch: "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, including the alternative minimum tax on corporations.

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

\$69,280,000
TRINITY RIVER AUTHORITY OF TEXAS
REGIONAL WASTEWATER SYSTEM
REVENUE REFUNDING BONDS, SERIES 2011

Dated Date: June 1, 2011

Due: August 1, as shown on Page ii

Interest to accrue from delivery date

PAYMENT TERMS . . . Interest on the \$69,280,000 Trinity River Authority of Texas Regional Wastewater System Revenue Refunding Bonds, Series 2011 (the "Bonds") will accrue from the initial delivery of the Bonds (the "Delivery Date") and will be payable February 1 and August 1 of each year, commencing February 1, 2012, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the owners thereof. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "The Bonds - Book-Entry-Only System" herein. The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (see "The Bonds - Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE . . . The Bonds are issued pursuant to the provisions of Acts of the 54th Legislature of Texas, Regular Session, 1955, Chapter 518 as amended, Chapters 1207 and 1371, Texas Government Code, as amended, and other applicable laws. Under the Constitution and the statutes of the State of Texas, the Trinity River Authority of Texas (the "Authority" or "Issuer") has broad powers to effectuate flood control and the conservation and use for all beneficial purposes of storm and flood waters in the Trinity River watershed, and as a necessary aid to these purposes, the Authority has specific authority to construct, own and operate water and wastewater treatment, collection and transportation systems, and to make contracts in reference thereto with municipalities and others.

PURPOSE . . . Proceeds from the sale of the Bonds will be used to (i) refund portions of the outstanding Trinity River Authority of Texas Regional Wastewater System Revenue Bonds (see Schedule I) and (ii) pay costs of issuance associated with the issuance of the Bonds.

CUSIP PREFIX: 89658H
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 Locke Lord Bissell & Liddell LLP and Mahomes Bolden & Warren PC, Dallas, Texas, co-counsel to the Underwriters.

DELIVERY . . . It is expected that the Bonds will be available for delivery through The Depository Trust Company on or about June 28, 2011.

RBC CAPITAL MARKETS

CITI STIFEL, NICOLAUS & COMPANY, INCORPORATED M.R. BEAL & COMPANY
SIEBERT BRANDFORD SHANK & CO., LLC ESTRADA HINOJOSA & CO., INC.

Maturity Schedule

Amount	Maturity August 1	Rate	Yield	CUSIP Suffix ⁽¹⁾
\$ 7,905,000	2012	3.00%	0.370%	QF0
11,445,000	2013	5.00	0.620	QG8
11,960,000	2014	4.00	1.000	QH6
9,780,000	2015	5.00	1.280	QJ2
6,555,000	2016	5.00	1.460	QK9
6,630,000	2017	5.00	1.890	QL7
5,305,000	2018	5.00	2.250	QM5
4,960,000	2019	5.00	2.520	QN3
2,500,000	2020	4.50	2.740	QP8
2,240,000	2020	5.00	2.740	QQ6

(Interest to accrue from the Delivery Date)

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

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

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

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

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

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

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

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

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

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

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

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CITY OF COPPELL

CITY OF DALLAS

DALLAS-FORT WORTH INTERNATIONAL
AIRPORT BOARD

CITY OF DUNCANVILLE

CITY OF EULESS

CITY OF FARMERS BRANCH

CITY OF FORT WORTH

CITY OF GRAND PRAIRIE

CITY OF GRAPEVINE

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CERTAIN FINANCIAL AND OPERATING DATA OF
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The cover page hereof, this page, the appendices included herein and any addenda, supplement or amendment hereto, are part of the Official Statement.

OFFICIAL STATEMENT SUMMARY

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

- THE AUTHORITY**..... The Trinity River Authority of Texas (the “Authority” or “Issuer”) is a governmental agency of the State of Texas and a body politic and corporate, created as a conservation and reclamation district under Article XVI, Section 59 of the Texas Constitution pursuant to Chapter 518, Acts of the 54th Texas Legislature, Regular Session, 1955, as amended. The Authority is governed by a Board of 25 directors who are appointed by the Governor for six-year terms.
- THE BONDS**..... The Bonds are issued as \$69,280,000 Regional Wastewater System Revenue Refunding Bonds, Series 2011. The Bonds are issued as serial bonds maturing August 1, 2012 through August 1, 2020 (see “The Bonds - Description of the Bonds”).
- PAYMENT OF INTEREST** Interest on the Bonds accrues from the Delivery Date, and is payable February 1, 2012, and each August 1 and February 1 thereafter until maturity (see “The Bonds - Description of the Bonds.”).
- AUTHORITY FOR ISSUANCE** The Bonds are issued pursuant to the provisions of Acts of the 54th Legislature of Texas, Regular Session, 1955, Chapter 518 as amended, Chapters 1207 and 1371, Texas Government Code, as amended, and other applicable laws. (see “The Bonds - Authority for Issuance”).
- SECURITY FOR THE BONDS** The Bonds constitute special obligations of the Authority, payable both as to principal and interest, and secured by a first lien on a pledge of the Net Revenues of the Authority under the Contracts entered into with the Contracting Parties (see “The Bonds - Security and Source of Payment”).
- REDEMPTION** The Bonds are not callable prior to maturity.
- TAX EXEMPTION**..... In the opinion of Bond Counsel, the interest on the Bonds will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under the caption “Tax Matters” herein, including the alternative minimum tax on corporations.
- USE OF PROCEEDS** Proceeds from the sale of the Bonds will be used to refund certain outstanding Trinity River Authority of Texas Regional Wastewater System Revenue Bonds and to pay the costs associated with the issuance of the Bonds. See Schedule I.
- RATINGS** The Bonds are rated “AAA” by Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services Company LLC business (“S&P”) and “AA+” by Fitch Ratings (“Fitch”). The Outstanding Parity Bonds of the Authority are also rated “AAA” by S&P, without regard to credit enhancement (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. 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 nor have any of the Contracting Parties.

For additional information regarding the Authority, please contact:

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

or

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

AUTHORITY OFFICIALS, STAFF AND CONSULTANTS

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

Management Officers

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

Consultants and Advisors

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

OFFICIAL STATEMENT

RELATING TO

\$69,280,000

**TRINITY RIVER AUTHORITY OF TEXAS
REGIONAL WASTEWATER SYSTEM
REVENUE REFUNDING BONDS, SERIES 2011**

INTRODUCTION

This Official Statement, which includes the Appendices hereto, provides certain information regarding the issuance of \$69,280,000 Trinity River Authority of Texas Regional Wastewater System Revenue Refunding Bonds, Series 2011. Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Resolution authorizing the issuance of the Bonds (the "Resolution"), except as otherwise indicated herein (see "Selected Provisions of the Resolution").

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

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

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

PLAN OF FINANCING

PURPOSE . . . The Bonds are being issued for the purpose of refunding certain outstanding Trinity River Authority of Texas Regional Wastewater System Revenue Bonds (the "Refunded Bonds") described in Schedule I attached hereto and to pay costs associated with the issuance of the Bonds.

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

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

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

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

By the deposit of the cash with the Escrow Agent pursuant to the Escrow Agreement, the Authority will have effected the defeasance of the Refunded Bonds pursuant to the terms of Chapter 1207, Texas Government Code, as amended, and the resolution authorizing the issuance of the Refunded Bonds. It is the opinion of Bond Counsel that, as a result of such defeasance, the Refunded Bonds will no longer be payable from the Net Revenues of the Authority under the Contracts described herein, but will be payable solely from the cash held for such purpose by the Escrow Agent, and that the Refunded Bonds will be defeased and thus will not be included in or considered to be indebtedness of the Authority for the purpose of a limitation on indebtedness or taxation or for any other purpose. First Southwest Company, acting as Financial Advisor to the Authority, will provide a sufficiency report which Bond Counsel will rely upon as to the sufficiency of funds to be deposited with the Escrow Agent for the defeasance and redemption of the Refunded Bonds.

THE BONDS

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

AUTHORITY FOR ISSUANCE . . . The Bonds are being issued pursuant to the provisions of the Authority Act, Chapters 1207 and 1371, Texas Government Code, as amended, and other applicable laws. Under the Constitution and the statutes of the State of Texas, the Authority has broad powers to effectuate flood control and the conservation and use for all beneficial purposes of storm and flood waters in the Trinity River watershed, and as a necessary aid to these purposes, the Authority has specific authority to construct, own and operate water and wastewater treatment, collection and transportation systems, and to make contracts in reference thereto with municipalities and others. The Bonds are payable from the income to be received by the Authority under contracts (the "Contracts") with the following municipalities: Town of Addison, the Cities of Arlington, Bedford, Carrollton, Cedar Hill, Colleyville, Coppell, Dallas, Duncanville, Euless, Farmers Branch, Fort Worth, Grand Prairie, Grapevine, Hurst, Irving, Keller, Mansfield, North Richland Hills and Southlake and the Dallas-Fort Worth International Airport Board (the "Contracting Parties"). The Bonds are "Additional Bonds" permitted to be issued by the resolutions of the Board of Directors of the Authority authorizing the issuance of the currently outstanding Regional Wastewater System Revenue Bonds.

The outstanding and unrefunded Trinity River Authority of Texas Regional Wastewater System Revenue Bonds, Series 2001, Regional Wastewater System Revenue Bonds, Series 2003, Regional Wastewater System Revenue Refunding Bonds, Series 2004, Regional Wastewater System Revenue Bonds, Series 2005, Regional Wastewater System Revenue Bonds, Series 2007, Regional Wastewater System Revenue Bonds, Series 2008, Regional Wastewater System Revenue Refunding Bonds, Series 2008, Regional Wastewater System Revenue Bonds, Series 2009, Regional Wastewater System Revenue Bonds, Series 2010 and Regional Wastewater System Revenue Bonds, Series 2010A shall be referred to as "Outstanding Parity Bonds".

RESERVE FUND . . . There is now on deposit in the Reserve Fund created by the 1973 Bond Resolution an amount of money and investments in market value at least equal to the average annual principal and interest requirements of the Outstanding Parity Bonds. Immediately after the delivery of the Bonds, if required, there shall be deposited into said Reserve Fund, from the proceeds from the sale of the Bonds, an amount which, together with the amount contained therein, will cause said Reserve Fund to contain an amount of money and investments in market value equal to the average annual principal and interest requirements of the Outstanding Parity Bonds and the Bonds, being all of the bonds which will be outstanding and payable from Net Revenues after the delivery of the Bonds (the "Reserve Required Amount"). Until and unless Additional Bonds are issued as permitted in the Outstanding Parity Bond Resolutions and the Resolution, no deposits shall be made into the Reserve Fund as long as the money and investments in the Reserve Fund are at least equal in market value to the Reserve Required Amount. However, if and whenever the amount of money and investments in the Reserve Fund is reduced below said Reserve Required Amount because of a decrease in market value of investments, then the Authority shall restore the Reserve Fund to the Reserve Required Amount from the Emergency Fund and/or the Research and Development Fund created by the 1973 Bond Resolution to the extent of amounts available therein, and if such amounts are insufficient, then the Authority shall require the Contracting Parties to increase their payments under the Contracts as soon as practicable, and in any event within one year, in an amount sufficient to restore the Reserve Fund to the Reserve Required Amount. In the event the Reserve Fund is used to pay the principal of or interest on any bonds because of insufficient amounts being available in the Interest and Sinking Fund, then the Authority shall require the Contracting Parties to increase their payments under the Contracts in an amount sufficient to restore the Reserve Fund to the Reserve Required Amount, and the Authority shall deposit in the Reserve Fund, in approximately equal periodic payments, not less than annually, such amounts as are required to restore the Reserve Fund to the Reserve Required Amount from said increased payments within five years from any date of the use of the Reserve Fund to pay such principal or interest. So long as the Reserve Fund contains the Reserve Required Amount, all amounts in excess thereof shall be deposited to the credit of the Claims Fund, the Emergency Fund, and the Research and Development Fund, to the extent required by Section 3.13 of the 1973 Bond Resolution, and with the remainder to be deposited to the credit of the Interest and Sinking Fund.

REDEMPTION . . . The Bonds are not subject to redemption prior to maturity.

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

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

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

ADDITIONAL BONDS . . . The Authority has received approval of two State Revolving Fund loans from the Texas Water Development Board in the total amount of \$242,295,000 and the Authority anticipates issuing bonds within the next 12 to 24 months. The exact timing and specific amount of these bonds to be issued is yet to be determined.

BOOK-ENTRY-ONLY SYSTEM . . . *This section describes how ownership of the Bonds are to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by The Depository Trust Company (“DTC”), New York, New York, while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The Authority believes the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.*

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

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

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

Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

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

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

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

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

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

Payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the Authority or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are the responsibility of the Authority or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

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

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

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

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

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

BONDHOLDERS' REMEDIES . . . The Resolution does not specify events of default with respect to the Bonds. If the Authority defaults in the payment of principal, 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. 3d 325 (Tex.2006), that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Because it is unclear whether the Texas legislature has effectively waived the Authority's sovereign immunity from a suit for money damages, Bondholders may not be able to bring such a suit against the Authority for breach of the Bonds or Resolution covenants in the absence of Authority action. Chapter 1371, Texas Government Code ("Chapter 1371"), which pertains to the issuance of public securities by issuers such as the Authority, permits the Authority to waive sovereign immunity in the proceedings authorizing its bonds, but in connection with the issuance of the Bonds, the Authority has not waived sovereign immunity. Furthermore, the Authority is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, such provision is subject to judicial construction. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or Bondholders of an entity which has sought protection under Chapter 9. Therefore, should the Authority avail itself of Chapter 9 protection from creditors, the ability to enforce any remedies would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Bonds are qualified with respect to the customary rights of debtors relative to their creditors. In addition, while the Authority has covenanted to secure the Bonds by a first lien on the Net Revenues, Bond Counsel will opine only that a valid and enforceable lien has been granted on the Net Revenues. Bond Counsel has not been requested to, and has not, rendered any opinion as to the priority status of the pledge of the Net Revenues.

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

Sources of Funds

Par Amount of Bonds	\$ 69,280,000.00
Reoffering Premium	8,720,141.55
Transfer from Prior Reserve Fund	1,276,777.50
Transfer of Excess from Debt Service Reserve Fund	318,627.47
Total Sources of Funds	\$ 79,595,546.52

Uses of Funds:

Deposit to Escrow Fund	\$ 78,836,777.50
Underwriters' Discount	359,506.27
Costs of Issuance	399,000.00
Rounding Amount	262.75
Total Uses of Funds	\$ 79,595,546.52

SECURITY AND SOURCE OF PAYMENT

The Authority has entered into the Contracts with the Contracting Parties to enable it to construct and improve a central regional wastewater system (the "System") for the benefit of the Contracting Parties (see "The System-The Plant"). The Bonds, and interest thereon, are payable solely from the "Net Revenues" to be received by the Authority under the terms of the Contracts, and the Authority has pledged these Net Revenues to the punctual payment of these obligations, when due. The term "Net Revenues" is defined in the Bond Resolution as "all of the gross revenues or payments received by the Authority from the Contracting Parties under the Contracts after deducting therefrom the amounts paid to the Authority for the purpose of paying Operation and Maintenance Expenses, with the result that the Net Revenues shall consist of the amounts necessary to pay all principal and/or interest coming due on the Bonds and the Outstanding Parity Bonds, on each principal and/or interest payment date, and any amounts payable as part of any special or reserve funds required to be established and/or maintained by the provisions of any Bond Resolution, as defined in the Contracts, and an amount in addition thereto sufficient to restore any deficiency in any of such funds or accounts required to be accumulated and maintained by the provisions of any Bond Resolution, as defined in the Contracts.

The expense of operating the System, including administrative overhead and the amount necessary to pay debt service on any outstanding bonds, is reduced to a cost in cents per 1,000 gallons of sewage deposited into the System. Each Contracting Party is then billed monthly according to their projected annual flow with provisions for adjustment. The fiscal provisions of the Contracts with the Authority are summarized in this Official Statement. See "Selected Contract Provisions."

Actual net cost to the Contracting Parties for wastewater treatment for 2010 was \$1.599 per 1,000 gallons. Estimated net cost of wastewater treatment to the Contracting Parties for billing purposes for fiscal year 2011 is \$1.629 per 1,000 gallons and the projected net cost for fiscal year 2012 is \$1.754 per 1,000 gallons.

RESERVE FUND REQUIREMENT . . . There has previously been created a Reserve Fund to be used to finally retire or to pay when due debt service on Outstanding Parity Bonds and any Additional Bonds to the extent the amounts in the Interest and Sinking Fund are insufficient. The Resolution provides that so long as the market value of the money and investments in the Reserve Fund are not less than a "Reserve Required Amount" equal to the average annual principal and interest requirements of the Outstanding Parity Bonds and any Additional Bonds, no deposit to the Reserve Fund is required. (See "Selected Provisions of Bond Resolution"). No additional funds are required to be deposited to the Reserve Fund as a result of the issuance of the Bonds.

THE SYSTEM

THE PLANT . . . The Central Regional Wastewater System (the "System") includes facilities required to transport and treat flow volumes received from portions or all of twenty cities and the Dallas-Fort Worth International Airport. The System has been in continuous operation since the original 30 MGD two stage trickling filter plant (the "Plant") was placed into operation December 1, 1959. In response to the population growth of the Contracting Parties of the System, the Plant was expanded during the mid-seventies to a 100 MGD capacity when twelve additional Contracting Parties were admitted to the System. In 1987, through the addition of several equipment modifications, the Plant was upgraded to a temporary 115 MGD capacity. In late 1989, construction was initiated on the Phase III Expansion of the Plant to 135 MGD with a capability of meeting more stringent discharge limits. This expansion was completed in mid 1993. Since the Plant was last expanded, the Authority has continued to make process changes and has received an up rating from the Texas Commission on Environmental Quality. The current rated capacity of the Plant is 162 MGD.

The Plant receives wastewater via a network of 210 plus miles of interceptor pipeline. These interceptors range in size from 6 to 108 inches in diameter. The flow collected by each interceptor is metered through a series of 139 meter stations distributed throughout the System; these meters are utilized for determining respective flow contributions from each of the Contracting Parties allowing subsequent proportionate segregation of System costs based upon the share of System usage.

The Authority's Central Regional Wastewater System is a large regional wastewater system currently serving approximately 1.8 million customers in Dallas, Tarrant, Ellis, Johnson, and Denton counties of north central Texas. In 1992, the Authority completed the first planning effort commonly referred to as the "Five Year Plan" for the Central Regional Wastewater System. Development of this plan was a scheduled milestone in the Authority's continued long-term planning efforts for the system. Other subsequent Five Year Plans were completed in 1998, 2001, 2004, and 2007.

The 1992 Five Year Plan identified numerous improvements needed throughout the Authority's collection system and for the treatment plant. These improvements were prioritized for implementation under two planned bond issues. The first of these bond issues (1992 issue) funded construction budgets for over 50 projects totaling \$28.6 million. The second bond issue (1995 issue) funded construction budgets for over 30 projects totaling approximately \$37.9 million. All major projects identified for funding under these two bond issues have been completed.

In 1998, the Authority updated the 1992 Five Year Plan. The 1998 Five Year Plan Update outlined a program of capital improvements involving 87 projects to be funded through bond sales in 1998 and 2001 to meet system needs from the years 1998 through 2002. The 1998 bond issue funded approximately 48 projects with construction budgets totaling \$49 million. The majority of these projects are completed.

The Authority updated the 1998 Five Year Plan in 2001, outlining a program of capital improvements involving approximately 58 projects to be funded through bond sales in 2001 and 2004 to meet System needs from the years 2001 through 2004. The 2001 bond issue funded approximately 45 projects with construction budgets totaling \$74.8 million. The 2004 bond issue funded approximately 30 projects with construction budgets totaling \$100 million.

The most recent update to the Five Year Plan was performed in 2007, resulting in the 2007 bond issue that funded approximately 54 projects with construction budgets totaling approximately \$277 million.

The 2009 Update to the Five Year Plan presents detailed listings of needed system improvements in a number of areas and identified through recent detailed engineering evaluations. These areas include:

- Treatment Plant Component Reliability and Capacity Expansion Improvements
- Interceptor Relief Improvements
- Interceptor and Plant Rehabilitation Improvements
- Pumping and Screening System Improvements
- Biosolids Stabilization and Processing Improvements
- Plant Control System Improvements
- Wet Weather Flow Handling Needs
- Energy Efficiency Improvements
- Continuing Odor Abatement Improvements
- Erosion Control Improvements
- Inflow and Infiltration (I/I) Management and Maintenance Activities
- Meter Station Improvements
- Other Capital Improvements

The Authority has initiated the planning, design, and construction of several projects identified and listed in the 2009 Update to the Five Year Plan. The improvements described in the 2009 report are needed to continue forward with improvements to the plant and collection system to maintain and improve wastewater services provided by the Authority's customer cities over the next twenty years and beyond. Increases in population can be accommodated by planned improvements and the repair, replacement, and/or rehabilitation of existing facilities, within the collection and treatment plant, will be planned and funded in a timely manner.

The System has been well recognized for the manner in which the System is operated and managed. Since the Agency assumed regulatory authority over wastewater plants on September 1, 1985, the Agency has issued, on three separate occasions, a list of the "BEST PLANTS IN THE STATE." On two of the three lists, the Plant has been so honored, and on both occasions, has been the largest domestic plant on the BEST list of 13 and 10, respectively. More recently, the System has continued to be recognized on a performance basis, having been the recipient of the following awards: (1) from the office of the Mayor, City of Grand Prairie, a September 16, 1986 proclamation setting forth Trinity River Authority's Central System Recognition Day celebrating the System's recognition throughout the State of Texas for its excellent operation and maintenance, its use of high technology, and its spirit of team effort; (2) from the U.S. Environmental Protection Agency, Region VI, the Wastewater Treatment Operations and Maintenance Excellence Award for 1986 recognizing the Plant as a national award finalist for outstanding wastewater treatment facility operation and maintenance; (3) from the Association of Metropolitan Sewerage Agencies, the Gold Award in recognition of 100% compliance with its National Pollutant Discharge Elimination System permit during the calendar

years of 1986, 1987, 1994-1997 and 1999-2002, the Platinum Peak Performance Award for receiving Gold Awards for five consecutive years in the calendar years of 1998, 1999 and 2003, and the Silver Award in recognition of the System's significant level of permit compliance during calendar year 1988, 1991, 1992 and 1993; (4) from the Texas Water Pollution Control Association, the Burke Safety Award, in recognition of the commitment set forth by the System in establishing a model safety program for the industry; and (5) from the U.S. Environmental Protection Agency, the Operations and Maintenance Excellence Award in 2002 and also in 2002, the Pretreatment Program Excellence Award.

The System has been continuously operated by personnel committed to safety in the workplace. These efforts are demonstrated by awards presented to the System by the Texas Safety Association. These awards include Award of Achievement for Occupational Safety & Health awards for 1996, 2001, 2003, and 2004. In addition, the System was awarded the Award of Merit for Accident Prevention in 1997.

The National Association of Clean Water Agencies (formerly known as Association of Metropolitan Sewerage Agencies) has conferred Platinum Awards for Peak Performance for the years 2007 through 2010. Platinum Awards recognize 100% compliance with NPDES permits over a consecutive five-year period.

Aside from the awards received by the Plant, the System has received national recognition within the industry for three innovative projects:

- 1) the System's early use of fine bubble diffusion as a retrofit to the secondary treatment process to achieve greater energy efficiency and treatment capability;
- 2) the System's establishment of the largest urban reuse project in the State of Texas wherein treated effluent is pumped to a large development in Irving, Texas, for use in lake level maintenance and golf course irrigation; and
- 3) the System's completion of the Jefferson Avenue Relief Tunnel facility, a 10,500 linear foot 72-inch diameter relief diversion facility which served to facilitate the abandonment of a 20 MGD lift station and avoided the construction of approximately 30,000 linear feet of relief pipeline.

These projects have served as examples of the possibilities that can be implemented on a regionally scaled project.

Central Regional Wastewater System Enterprise Fund

Fiscal Year Ended November 30,

	2010	2009	2008	2007	2006
Total Operating Revenue	\$79,672,000	\$76,559,074	\$68,518,627	\$67,332,955	\$63,388,866
Operating Expenses (Exclusive of Depreciation)	(34,719,130)	(36,815,936)	(34,576,449)	(33,549,797)	(31,677,201)
Net Non-Operating Revenues/(Expenses) (Exclusive of Interest and Amortization Expenses)	1,163,473	2,232,510	2,773,199	3,587,550	2,816,059
Net Funds Available for Debt Service	\$46,116,343	\$41,975,648	\$36,715,377	37,370,708	34,527,724

For additional information with respect to the System's operating data, see Appendix C, "Certain Financial and Operating Data of Central Regional Wastewater System Enterprise Fund."

AUTHORIZED BUT UNISSUED REVENUE BONDS . . . \$242,295,000.

ANTICIPATED ISSUANCE OF REVENUE BONDS . . . The Authority has received approval of two loans from the State Revolving Fund administered by the Texas Water Development Board in the amount of \$242,295,000 and the Authority anticipates issuing bonds within the next 12 to 24 months. The exact timing of these bonds to be issued is yet to be determined.

DEBT INFORMATION

DEBT SERVICE REQUIREMENTS

Fiscal Year Ending November 30	Outstanding Debt Service ⁽¹⁾				Less: Refunded	This Issue ⁽³⁾			Total	Percent
	Principal	Interest	Capitalized	Total	Bonds	Principal			Outstanding	of Principal Retired
					Debt Service ⁽²⁾	Principal	Interest	Total		
2011	\$ 25,145,000	\$ 15,026,480	\$ 2,286,682	\$ 37,884,798	\$ 1,276,778	\$ -	\$ -	\$ -	\$ 36,608,020	3.183%
2012	27,525,000	27,832,566	3,430,023	51,927,544	11,933,555	7,905,000	3,464,732	11,369,732	51,363,720	
2013	29,210,000	26,658,604	3,430,023	52,438,581	14,937,155	11,445,000	2,936,650	14,381,650	51,883,076	
2014	32,515,000	25,451,701		57,966,701	14,884,540	11,960,000	2,364,400	14,324,400	57,406,561	
2015	33,960,000	24,157,604		58,117,604	12,223,380	9,780,000	1,886,000	11,666,000	57,560,224	
2016	35,380,000	22,781,085		58,161,085	8,508,300	6,555,000	1,397,000	7,952,000	57,604,785	27.164%
2017	36,595,000	21,441,863		58,036,863	8,256,700	6,630,000	1,069,250	7,699,250	57,479,413	
2018	36,750,000	20,258,903		57,008,903	6,601,400	5,305,000	737,750	6,042,750	56,450,253	
2019	34,090,000	19,230,633		53,320,633	5,991,400	4,960,000	472,500	5,432,500	52,761,733	
2020	35,105,000	18,201,025		53,306,025	5,542,600	4,740,000	224,500	4,964,500	52,727,925	
2021	36,205,000	17,087,010		53,292,010					53,292,010	50.874%
2022	37,060,000	15,916,655		52,976,655					52,976,655	
2023	38,265,000	14,685,348		52,950,348					52,950,348	
2024	39,550,000	13,382,625		52,932,625					52,932,625	
2025	40,910,000	12,001,085		52,911,085					52,911,085	
2026	42,340,000	10,544,988		52,884,988					52,884,988	73.885%
2027	43,850,000	9,010,148		52,860,148					52,860,148	
2028	45,425,000	7,410,613		52,835,613					52,835,613	
2029	40,555,000	5,759,448		46,314,448					46,314,448	
2030	41,895,000	4,419,448		46,314,448					46,314,448	
2031	43,285,000	3,033,295		46,318,295					46,318,295	95.155%
2032	44,625,000	1,691,673		46,316,673					46,316,673	
2033	4,130,000	341,490		4,471,490					4,471,490	
2034	4,705,000	182,528		4,887,528					4,887,528	
2035	5,000	1,425		6,425					6,425	
2036	5,000	1,270		6,270					6,270	99.997%
2037	5,000	1,115		6,115					6,115	
2038	5,000	960		5,960					5,960	
2039	5,000	805		5,805					5,805	
2040	5,000	650		5,650					5,650	
2041	5,000	488		5,488					5,488	99.999%
2042	5,000	325		5,325					5,325	
2043	5,000	163		5,163					5,163	100.000%
	<u>\$ 829,120,000</u>	<u>\$ 336,514,012</u>	<u>\$ 9,146,727</u>	<u>\$ 1,156,487,286</u>	<u>\$ 90,155,808</u>	<u>\$ 69,280,000</u>	<u>\$ 14,552,782</u>	<u>\$83,832,782</u>	<u>\$1,150,164,259</u>	

(1) Net of capitalized interest. Existing Bonds include: Series 2001, Refunding Series 2003, Series 2004, Series 2005, Series 2007, Series 2008, Refunding Series 2008, Series 2009, Series 2010 and Series 2010A as of May 1, 2011.

(2) See Schedule I

(3) Average life of the Issue – 4.391 years.

SELECTED CONTRACT PROVISIONS

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

PARTIES AND TERMS. The Authority has entered into contracts with the following Contracting Parties (the “Contracts”), with the effective date of each contract being as designated below:

Contracting Parties	Effective Date	Contracting Parties	Effective Date
Town of Addison	10-24-90	City of Farmers Branch	8-30-73
City of Arlington	10-10-73	City of Fort Worth	10-10-73
City of Bedford	10-10-73	City of Grand Prairie	10-10-73
City of Carrollton	10-10-73	City of Grapevine	1-22-75
City of Cedar Hill	10-23-85	City of Hurst	5-28-75
City of Colleyville	5-28-75	City of Irving	10-10-73
City of Coppell	2-1-76	City of Keller	6-27-84
City of Dallas	10-8-73	City of Mansfield	8-23-74
City of Duncanville	6-27-84	City of North Richland Hills	5-28-75
City of Euless	10-10-73	City of Southlake	2-25-87
		Dallas-Fort Worth	8-9-73
		International Airport Board	

The Contracts will remain in force and effect from their date, and thereafter until any Outstanding Bonds and Bonds, as defined in each Contract have been paid in full.

Following is a summary of certain provisions of the Contracts. Certain provisions may differ slightly between Contracts in order to suit each Contracting Party’s particular needs. Reference is hereby made to the full and complete Contracts. For additional information, copies of the Contracts are available upon request from the Financial Advisor.

Certain Definitions

Certain terms and expressions used in the fiscal provisions of each of the contracts are substantially as set forth below:

“Additional Contracting Party” means any party not defined as a Contracting Party with whom Authority makes a contract for receiving, transporting, treating, and disposing of wastewater through the System.

“Adjusted Annual Payment” means the Annual Payment, as adjusted due to service to Additional Contracting Parties and/or as required during or after each Fiscal Year.

“Annual Payment” means the amount of money to be paid to the Authority by the Contracting Parties as their proportionate share of the Annual Requirement.

“Annual Requirement” means the total amount of money required for Authority to pay all Operation and Maintenance Expenses of the System and to pay the debt service on its Bonds and Outstanding Bonds, and to pay any amounts required to be deposited in any special or reserve funds required to be established and/or maintained by the provisions of the Bond Resolution, and in resolutions authorizing Outstanding Bonds.

“Bond Resolution” means any resolution of the Board of Directors of the Authority authorizing the issuance of Bonds and providing for their security and payment, as such resolution(s) may be amended from time to time as therein permitted.

“Bonds” means any bonds to be issued by the Authority pursuant to the Contract and other contracts with the Contracting Parties and Additional Contracting Parties for the acquisition, construction, expansion, improvement, or completion of the System, whether one or more issues, or any bonds issued to refund same, or to refund such refunding bonds.

“Contracting Party” or “Contracting Parties” means one or more of the following: the Town of Addison, the cities of Arlington, Bedford, Carrollton, Cedar Hill, Colleyville, Coppell, Dallas, Duncanville, Euless, Farmers Branch, Fort Worth, Grand Prairie, Grapevine, Hurst, Irving, Keller, Mansfield, North Richland Hills, Southlake, and the Dallas/Fort Worth International Airport Board.

“Fiscal Year” means the twelve (12) month period beginning December 1 of each year and applies only to Authority, or such other twelve (12) month period as may be established in the future to constitute Authority’s Fiscal Year.

“Month” means calendar month.

“Operation and Maintenance Expense” means all costs of operation and maintenance of the Authority’s System including, but not limited to, repairs and replacements for which no special fund is created in the Bond Resolution, the cost of utilities, supervision, engineering, accounting, auditing, legal services, and any other supplies, services, administrative costs, insurance and equipment necessary for proper operation and maintenance of the Authority’s System, and payments made by the Authority in satisfaction of judgments resulting from claims not covered by Authority’s insurance or not, paid by one particular Contracting Party or Additional Contracting Party arising in connection with the operation and maintenance of the System. The term also includes the fees of the bank or banks where the Outstanding Bonds and the Bonds are payable. Depreciation shall not be considered an item of Operation and Maintenance Expense.

“Outstanding Bonds” means all Bonds issued by the Authority prior to the date of the respective Contracts to provide funds for construction, enlargement, extension, and improvement of the System which are outstanding on the date of the Contracts.

Fiscal Provisions of the Contracts

The fiscal provisions for each of the contracts are substantially as follows:

Financing. The Authority will pay for the cost of construction of the improvements contemplated in the Contract, and will issue its Bonds, from time to time, in amounts necessary which, together with other available funds, will be sufficient to accomplish such construction.

Annual Requirement. It is acknowledged and agreed that payments to be made under the Contract and similar contracts with other Contracting Parties and Additional Contracting Parties will be the only source available to the Authority to provide the Annual Requirement; and that the Authority has a statutory duty to establish and from time to time to revise the charges for services to be rendered and made available to Contracting Party hereunder so that the Annual Requirement shall at all times be not less than an amount sufficient to pay or provide for the payment of:

- (a) the net amount paid or payable for all Operation and Maintenance Expenses;
- (b) the principal of and the interest on Outstanding Bonds and Bonds, as such principal and interest becomes due, less interest to be paid out of Bond proceeds as permitted by the Bond Resolution and less any other funds on hand for payment of principal and interest on the Bonds and Outstanding Bonds;
- (c) during each Fiscal Year, the proportionate part of any special or reserve funds required to be established and/or maintained by the provisions of the Bond Resolution and/or any resolution authorizing the Bonds or Outstanding Bonds; and
- (d) an amount in addition thereto sufficient to restore any deficiency in any of such funds or accounts required to be accumulated and maintained by the provisions of the Bond Resolution and/or any resolution authorizing the Bonds or Outstanding Bonds.

Payments by Contracting Party. (a) For services to be rendered to the Contracting Party by the Authority under the Contract, the Contracting Party agrees to pay, at the time and in the manner hereinafter provided, its proportionate share of the Annual Requirement, which shall be determined as follows and shall constitute the Contracting Party’s Annual Payment:

For each Fiscal Year the Contracting Party’s proportionate share of the Annual Requirement shall be a percentage obtained by dividing Contracting Party’s estimated annual contributing flow to the System by the total estimated annual contributing flow to the System by all Contracting Parties, and by multiplying such percentage times the Annual Requirement. The resulting amount shall constitute the Contracting Party’s Annual Payment for such Fiscal Year.

The following tabulation was applied for Fiscal Year 2010. Each Contracting Party’s Annual Payment for the Fiscal Year 2007 was calculated by multiplying said Contracting Party’s percentage from the following tabulation times the Annual Requirement.

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Contracting Party	2010 Annual Contributing	
	Flow (million gallons)	Percentage of Total
ADDISON	535.455	1.116%
ARLINGTON	14,312.015	29.838%
BEDFORD	1,626.075	3.390%
CARROLLTON	3,547.800	7.396%
CEDAR HILL	211.335	0.441%
COLLEYVILLE	790.955	1.649%
COPPELL	1,284.070	2.677%
D/FW AIRPORT	721.605	1.504%
DALLAS	2,737.500	5.707%
DUNCANVILLE	65.700	0.137%
EULESS	1,244.285	2.595%
FARMERS BRANCH	1,355.975	2.827%
FORT WORTH	1,522.415	3.174%
GRAND PRAIRIE	5,575.010	11.623%
GRAPEVINE	533.265	1.112%
HURST	123.005	0.257%
IRVING	7,804.065	16.270%
KELLER	1,023.825	2.134%
MANSFIELD	2,046.190	4.266%
N. RICHLAND HILLS	257.325	0.536%
SOUTHLAKE	648.240	1.351%
	<u>47,966.110</u>	<u>100.000%</u>

Contracting Party's Annual Payment shall be made to Authority in equal monthly installments for each Fiscal Year. Such payments shall be made in accordance with and at the times set forth in a schedule of payments for each Fiscal Year which will be supplied to the Contracting Party. At the close of each Fiscal Year, the Authority shall redetermine Contracting Party's percentage by dividing Contracting Party's actual metered contributing flow to the System by the total actual metered contributing flow to the System by all Contracting Parties. The Contracting Party's Adjusted Annual Payment shall be calculated by multiplying the Contracting Party's redetermined percentage times the Annual Requirement. The difference between the Adjusted Annual Payment and the Annual Payment, if any, when determined, shall be applied as a credit or a debit to the Contracting Party's account with the Authority and shall be credited or debited to the Contracting Party's next subsequent monthly payment or payments for the next Fiscal Year.

(b) If, during any Fiscal Year, Authority begins providing services to an Additional Contracting Party or Parties, Contracting Party's Annual Payment for such Fiscal Year shall be redetermined in the following manner:

(i) Such Additional Contracting Party or Parties estimated contributing flow to the System for such year, or portion thereof, shall be determined by Authority;

(ii) The Contracting Party's proportionate share of the Annual Requirement shall be a percentage, redetermined by dividing the Contracting Party's estimated annual contributing flow to the System by the total estimated annual contributing flow to the System by all Contracting Parties, including that estimated for the Additional Contracting Party or Parties for the remaining portion of such Fiscal Year;

(iii) The Authority shall redetermine the Annual Requirement, taking into consideration any costs incurred on account of the Additional Contracting Party or Parties;

(iv) The Contracting Party's Annual Payment shall be redetermined by multiplying the Contracting Party's redetermined percentage times the redetermined Annual Requirement.

(c) The Contracting Party's Annual Payment shall be redetermined, in the manner set out above, at any time during any Fiscal Year if:

(i) Additions, enlargements or improvements to the System are constructed by the Authority to provide continuing service which in turn requires a redetermination of the Annual Requirement; or

(ii) Unusual or extraordinary expenditures for operation and maintenance are required which are not provided for in the Annual Budget or in the Bond Resolution; or

(iii) The Contracting Party's contributing flow to the System, after the beginning of the Fiscal Year, is estimated to be substantially different from that on which Annual Payments are based as determined by the Authority, to the extent that such difference in flow will substantially affect the Contracting Party's Budget, and consequently Contracting Party's Annual Payment to the Authority.

(d) The Annual Payment set forth in this section shall be considered the Basic Charge for service hereunder, and Contracting Party shall pay a surcharge for excess BOD (Biochemical Oxygen Demand) and/or SS (Suspended Solids) determined in the manner set forth in Section 4.05 of the Contract.¹

(e) Recognizing that the Authority will use payments received from the Contracting Party to pay, secure and finance the issuance of the Bonds and to pay Outstanding Bonds, it is agreed that upon the effective date of the Contract, the Contracting Party shall be unconditionally obligated to pay its proportionate share of the Annual Requirements, regardless of whether or not the Authority is actually receiving wastewater under the Contract, or whether or not the Contracting Party actually discharges wastewater under the Contract, whether due to Force Majeure or otherwise. In such event, the amount due shall be a percentage of the Annual Requirements for the period of such failure of service under the Contract. Such percentage shall be determined by dividing the amount of wastewater actually discharged into the System by the Contracting Party in the month preceding cessation of service under the Contract by the total amount of wastewater discharged into the System by all Contracting Parties and Additional Contracting Parties for the same period.²

(f) On or before February 1 or August 1 of each year (depending upon the Contracting Party involved) the Authority will furnish the Contracting Party with an estimated schedule of monthly payments to be made by the Contracting Party for the ensuing Fiscal Year. On or before November 1 of each year, the Authority shall furnish the Contracting Party with a finalized schedule of the monthly payments to be made by such Contracting Party to the Authority for the ensuing Fiscal Year. The Contracting Party hereby agrees that it will make such payments to the Authority on or before the 10th day of each month of such Fiscal Year. If the Contracting Party at any time disputes the amount to be paid by it to the Authority, the Contracting Party shall nevertheless promptly make the payment or payments determined by the Authority, and, if it is subsequently determined by agreement, arbitration or court decision that such disputed payments made by the Contracting Party should have been less, the Authority shall promptly revise and reallocate the charges among all parties then being served by the Authority in such Contracting Party will recover its overpayment. In the event the Contracting Party is assessed a surcharge for excess BOD and/or SS, the Authority will bill the Contracting Party for such surcharge on or before the fifth (5th) day of the month following the determination of the surcharge and the Contracting Party shall pay such surcharge on or before the tenth (10th) day of the month of receipt of any such bill. Any such surcharge collected by the Authority shall be applied by the Authority against the total cost of Operation and Maintenance Expense of the System.

(g) If the Contracting Party's Annual Payment is redetermined as provided in the Contract, the Authority will promptly furnish the Contracting Party with an updated schedule of monthly payments reflecting such redetermination.

(h) All interest income earned by the investment of any Funds created in the Bond Resolution shall be taken into account in determining the Annual Requirement.

Obligations of Contracting Party. The Authority shall never have the right to demand payment by the Contracting Party of any obligation assumed or imposed on it under and by virtue of the Contract from funds raised or to be raised by taxation, it being expressly understood by the parties hereto that all payments due by the Contracting Party under the Contract are to be made from

¹ As to Cedar Hill, Southlake and Addison, additional surcharges are payable or will be payable to be used to offset previous capital costs in effect paid by other Contracting Parties. The surcharges will be applied at the end of the Fiscal Year as a credit to the amount of the Annual Requirement that would otherwise be payable during the ensuing Fiscal Year by the other Contracting Parties.

² As to certain Contracts this provision is replaced by a provision in which the Contracting Party agrees that upon the effective date of the Contract it should be unconditionally obligated to pay its proportionate share of the Annual Requirements and its applicable surcharge payment.

the revenues and income received by the Contracting Party from its waterworks and sanitary sewer systems, as authorized by Section 402.023, Texas Local Government Code, or Chapter 30, Texas Water Code.³

Payments to Constitute Operating Expenses by Contracting Party. The Contracting Party represents and covenants that the services to be obtained pursuant to the Contract are essential and necessary to the operation of the Contracting Party and its Local Wastewater Facilities, and that all payments to be made under the Contract by it will constitute reasonable and necessary "operating expenses" of the Contracting Party's waterworks and sanitary sewer system, within the meaning of Chapter 1502, Texas Government Code, as amended, and the provisions of all Ordinances authorizing the issuance of all revenue bond issues of the Contracting Party which are payable from revenues of the Contracting Party's waterworks and sewer systems.³

Contracting Party to Establish Adequate Rates. Contracting Party agrees to establish and collect such rates and charges for Waterworks and Sanitary Sewer System services to be supplied by its Waterworks and Sanitary Sewer System as will make possible the prompt payment of all expenses of operating and maintaining its Waterworks and Sanitary Sewer System, including all payments contracted hereunder, and the prompt payment of the principal of and interest on its obligations, if any, payable from the revenues of its Waterworks and Sanitary Sewer System (in the case of the Airport Board, payable from the revenues of the Airport).

Use of Revenues of System. All revenues received from any source whatsoever by Authority by reason of its ownership of this System shall, to the extent permitted by law, be credited to the funds of the System as established in the Bond Resolutions. To the extent permitted by law, if the Authority receives income from the use of treated Wastewater, prior to its discharge into a public stream of the State of Texas, the Authority will apply said income against the Operating and Maintenance Expense of the System. Provided, that revenues received by Authority from the Dallas-Fort Worth International Airport Board under contract dated July 16, 1971, as amended, and any revenues received under contracts, the revenues from which are pledged to the payment of special facility bonds, as permitted in the Bond Resolutions, shall not be credited to said funds of the System and will not be a part of the pledge of revenues for payment of the Bonds. Neither shall any revenues received by the Authority under contracts where the Authority is acting as a signatory to the Texas Water Pollution Control Compact be included as a part of the pledge of revenues for payment of the Bonds. No funds derived from the Contracting Parties shall ever be used for the benefit of any project the revenues of which have been excluded from the pledge for payment of the Bonds hereunder or which may be so excluded in the future.

SELECTED PROVISIONS OF THE RESOLUTION

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

ARTICLE I

DEFINITIONS OF TERMS

Section 1.01. In each place throughout this Resolution wherein the following terms, or any of them, are used, the same, unless the context shall indicate another or different meaning or intent, shall be construed and are intended to have meanings as follows:

- (a) "Act" means Chapter 518, Acts of the 54th Texas Legislature, Regular Session, 1955, as amended.
- (b) "Airport Board" means the Board of Directors of the Dallas-Fort Worth International Airport (formerly known as the Dallas-Fort Worth Regional Airport).
- (c) "Authority" or "Issuer" means Trinity River Authority of Texas and any other public body or agency at any time succeeding to the property and principal rights, power, and obligations of said Authority.
- (d) "Board of Authority" or "Board" means the Board of Directors of the Authority.
- (e) "Bond" or "Bonds" means the bonds authorized by this Resolution.

³ As to Dallas-Fort Worth International Airport Board, the payments made to the Authority constitute an operation and maintenance expense of the Airport, payable from the revenues and income received by the Airport Board from payments made to it by the airlines served by the Airport and any other funds available to it for the payment of operating expenses.

(f) "Certified Public Accountant" means any certified public accountants of suitable experience and qualifications not regularly in the employ of the Authority, selected by the Authority.

(g) "Cities" means the Town of Addison and the Cities of Arlington, Bedford, Carrollton, Cedar Hill, Colleyville, Coppell, Dallas, Duncanville, Euless, Farmers Branch, Fort Worth, Grand Prairie, Grapevine, Hurst, Irving, Keller, Mansfield, North Richland Hills, Southlake, and other municipalities the Authority may contract with in the future to provide service from the System.

(h) "Code" means the Internal Revenue Code of 1986, as amended.

(i) "Contracting Parties" means the Town of Addison and the Cities of Arlington, Bedford, Carrollton, Cedar Hill, Colleyville, Coppell, Dallas, Duncanville, Euless, Farmers Branch, Fort Worth, Grand Prairie, Grapevine, Hurst, Irving, Keller, Mansfield, North Richland Hills, and Southlake, and the Airport Board, and other parties the Authority may contract with in the future to provide service from the System.

(j) "Contracts" means the contracts between the Authority and the Cities and the Airport Board, respectively, with respect to the services of the System.

(k) "Depository" means the bank or banks which the Authority selects (whether one or more), in accordance with law, as its depository.

(l) "Engineering Report" means a report of Forrest and Cotton, Inc., Consulting Engineers, entitled Regional Wastewater System, dated December, 1971, as such report may be amended, modified, and changed by Authority or at its direction at any time prior to the execution of construction contracts for improvements, additions, and enlargements to the System or as modified and changed by change orders issued after execution of such construction contracts.

(m) "Fiscal Year" means the twelve month period beginning December 1 of each year, or such other twelve month period as may in the future be designated as the Fiscal Year of Authority.

(n) "Independent Consulting Engineer" means the Engineer or engineering firm or corporation at the time employed by the Authority as originally described under the provisions of Section 5.13 of the 1973 Bond Resolution.

(o) "Outstanding Parity Bonds" means, after the refunding of the Series 2001 Bonds, the unpaid and unrefunded Series 2001 Bonds, Series 2003 Refunding Bonds, Series 2004 Bonds, Series 2005 Bonds, Series 2007 Bonds, Series 2008 Bonds, Series 2008 Refunding Bonds, Series 2009 Bonds, Series 2010 Bonds and Series 2010A Bonds.

(p) "Outstanding Parity Bond Resolution" or "Outstanding Parity Bond Resolutions" means, individually or collectively, as appropriate, the bond resolutions of the Authority authorizing the issuance of the Outstanding Parity Bonds.

(q) "Paying Agent/Registrar" means The Bank of New York Mellon Trust Company, National Association, Dallas, Texas, or its successor.

(r) "Resolution" means this resolution and any amendments hereto.

(s) "System" means all of the Authority's facilities for receiving, transporting, treating, and disposing of wastewater generally in the area described in the Engineering Report, together with any improvements, enlargements, or additions to said facilities and any extensions or replacements of said facilities constructed or otherwise incorporated into said facilities in the future. Said terms shall include only those facilities which are used for, constructed, or acquired, or the use of which is arranged for, by the Authority to afford service to the Cities, the Airport Board and others who can economically and efficiently be served by said System. Said term does not include Authority's facilities located within the boundaries of the Dallas-Fort Worth International Airport and defined as the "System" in the contract between Authority and the Airport Board dated July 16, 1971, as amended, Local Wastewater Facilities, any facilities constructed or acquired with proceeds of Special Project Bonds, as originally defined in the 1973 Bond Resolution, or obtained by Authority acting as a signatory to the State of Texas Water Pollution Control Compact, or any of the facilities designated as Authority's Ten Mile Creek System, or Walker-Calloway Project, or any other facilities of the Authority the revenues from which are not pledged to the payment of the Bonds or Additional Bonds.

(t) "1973 Bond Resolution" means the resolution which authorized the Series 1973 Bonds described in the preamble.

ARTICLE II

THE BONDS

Section 2.05. DEFEASANCE OF BONDS. (a) Any Bond and the interest thereon shall be deemed to be paid, retired, and no longer outstanding (a "Defeased Bond") within the meaning of this Resolution, except to the extent provided in subsection (d) of this Section, when payment of the principal of such Bond, plus interest thereon to the due date (whether such due date be by reason of maturity or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar in accordance with an escrow agreement or other instrument (the "Future Escrow Agreement") for such payment (1) lawful money of the United States of America sufficient to make such payment or (2) Defeasance Securities that mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to provide for such payment, and when proper arrangements have been made by the Issuer with the Paying Agent/Registrar for the payment of its services until all Defeased Bonds shall have become due and payable. At such time as a Bond shall be deemed to be a Defeased Bond hereunder, as aforesaid, such Bond and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the Net Revenues herein pledged as provided in this Resolution, and such principal and interest shall be payable solely from such money or Defeasance Securities. Notwithstanding any other provision of this Resolution to the contrary, it is hereby provided that any determination not to redeem Defeased Bonds that is made in conjunction with the payment arrangements specified in subsection 2.05(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 2.05(a)(i) or (ii). All income from such Defeasance Securities received by the Paying Agent/Registrar which is not required for the payment of the Defeased Bonds, with respect to which such money has been so deposited, shall be remitted to the Issuer or deposited as directed in writing by the Issuer.

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

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

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

Section 2.06. DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED BONDS. (a) Replacement Bonds. In the event any outstanding Bond is damaged, mutilated, lost, stolen, or destroyed, the Paying Agent/Registrar shall cause to be printed, executed, and delivered, a new bond of the same principal amount, maturity, and interest rate, as the damaged, mutilated, lost, stolen, or destroyed Bond, in replacement for such Bond in the manner hereinafter provided.

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

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

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

(e) Authority for Issuing Replacement Bonds. In accordance with Subchapter B, Chapter 1206, Texas Government Code, this Section shall constitute authority for the issuance of any such replacement bond without necessity of further action by the governing body of the Issuer or any other body or person, and the duty of the replacement of such bonds is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such Bonds in the form and manner and with the effect, as provided in Section 2.03 of this Resolution for Bonds issued in conversion and exchange for other Bonds.

Section 2.07. CUSTODY, APPROVAL, AND REGISTRATION OF BONDS; BOND COUNSEL'S OPINION, CUSIP NUMBERS, AND INSURANCE. The President of the Board and the Authorized Officer are hereby authorized to have control of the Bonds issued hereunder and all necessary records and proceedings pertaining to the Bonds pending their delivery and their investigation, examination, and approval by the Attorney General of the State of Texas, and their registration by the Comptroller of Public Accounts of the State of Texas. Upon registration of the Bonds said Comptroller of Public Accounts (or a deputy designated in writing to act for said Comptroller) shall manually sign the Comptroller's Registration Certificate on the Bonds, and the seal of said Comptroller shall be impressed, or placed in facsimile, on the Bonds. The approving legal opinion of the Issuer's Bond Counsel and the assigned CUSIP numbers may, at the option of the Issuer, be printed on the Bonds or on any Parity Bonds issued and delivered in conversion of and exchange or replacement of any Bond, but neither shall have any legal effect, and shall be solely for the convenience and information of the registered owners of the Bonds. If insurance is obtained on any of the Bonds, the Bonds and all other Bonds shall bear an appropriate legend concerning insurance as provided by the insurer.

ARTICLE III

ADOPTION OF PROVISIONS OF THE 1973 BOND RESOLUTION AND PLEDGE

Section 3.01. ADOPTION OF PROVISIONS OF THE 1973 BOND RESOLUTION. Articles III through IX of the 1973 Bond Resolution are hereby adopted and made a part hereof and shall be applicable to the Bonds herein authorized except as altered or supplemented hereby.

Section 3.02. PARITY BONDS. The Bonds authorized herein are parity "Additional Bonds" permitted to be issued by the Parity Bond Resolutions, are and shall be on a parity and of equal dignity in all respects, and are and shall be payable from and secured by a first lien on and pledge of the Net Revenues of the Authority under the Contracts.

Section 3.03. PLEDGE. The Contracts provide for the payment by the Cities and the Airport Board to the Authority of (a) the net amount of all Operation and Maintenance Expenses, (b) the amount necessary to pay all the principal and/or interest coming due on the Authority's Bonds, as defined in the Contracts and in this Resolution, on each principal and/or interest payment date as provided in this Resolution, (c) during each Fiscal Year, the proportionate part of any special or reserve funds required to be established and/or maintained by the provisions of any Bond Resolution, as defined in the Contracts, and (d) an amount in addition thereto sufficient to restore any deficiency in any of such funds or accounts required to be accumulated and maintained by the provisions of any Bond Resolution, as defined in the Contracts.

The term "Net Revenues" as used in this Resolution shall mean and be defined as all of the gross revenues or payments received by the Authority from the Cities and the Airport Board under the Contracts after deducting therefrom the amounts paid to the Authority for the purpose of paying Operation and Maintenance Expenses, with the result that the Net Revenues shall consist of the amounts necessary to pay all principal and/or interest coming due on the Bonds and the Outstanding Parity Bonds, on each principal and/or interest payment date, and any amounts payable under (c) and (d) above. The Bonds, and the Outstanding Parity Bonds, and the interest thereon are and shall be payable from and secured by an irrevocable first lien on and pledge of said Net Revenues, and said Net Revenues are further pledged irrevocably to the establishment and maintenance of the Interest and Sinking Fund, the Reserve Fund, and the Emergency Fund.

ARTICLE IV

INTEREST AND SINKING FUND; RESERVE FUND; AND EMERGENCY FUND

Section 4.01. INTEREST AND SINKING FUND. In addition to the amounts required to be deposited into the Interest and Sinking Fund by the Outstanding Parity Bond Resolutions, there shall be deposited into the Interest and Sinking Fund the following:

(a) immediately after the delivery of the Bonds, there shall be deposited to the credit of the Interest and Sinking Fund any accrued interest received from the sale of the Bonds; and

(b) semiannually on or before each January 25th and each July 25th hereafter, an amount sufficient, together with other amounts, if any, then on hand therein and available for such purpose, to pay the interest and/or principal and interest coming due on the Bonds on the next succeeding interest payment date.

Section 4.02. RESERVE FUND. There is now on deposit in the Reserve Fund created by the 1973 Bond Resolution an amount of money and investments in market value at least equal to the average annual principal and interest requirements of the Outstanding Parity Bonds. Immediately after the delivery of the Bonds, if required, there shall be deposited into said Reserve Fund, from the proceeds from the sale of the Bonds, an amount which, together with the amount now contained therein, will cause said Reserve Fund to contain an amount of money and investments in market value equal to the average annual principal and interest requirements of the Outstanding Parity Bonds and the Bonds, being all of the bonds which will be outstanding and payable from Net Revenues after the delivery of the Bonds (the "Reserve Required Amount"). Until and unless Additional Bonds are hereafter issued as permitted in the Outstanding Parity Bond Resolutions and this Resolution, no deposits shall be made into the Reserve Fund as long as the money and investments in the Reserve Fund are at least equal in market value to the Reserve Required Amount. However, if and whenever the amount of money and investments in the Reserve Fund is reduced below said Reserve Required Amount because of a decrease in market value of investments, then the Authority shall restore the Reserve Fund to the Reserve Required Amount from the Emergency Fund and/or the Research and Development Fund created by the 1973 Bond Resolution to the extent of amounts available therein, and if such amounts are insufficient, then the Authority shall require the Contracting Parties to increase their payments under the Contracts as soon as practicable, and in any event within one year, in an amount sufficient to restore the Reserve Fund to the Reserve Required Amount. In the event the Reserve Fund is used to pay the principal of or interest on any bonds because of insufficient amounts being available in the Interest and Sinking Fund, then the Authority shall restore the Reserve Fund to the Reserve Required Amount from the Emergency Fund and/or the Research and Development Fund to the extent of amounts available therein, and if such amounts are insufficient, then the Authority shall require the Contracting Parties to increase their payments under the Contracts in an amount sufficient to restore the Reserve Fund to the Reserve Required Amount, and the Authority shall deposit in the Reserve Fund, in approximately equal periodic payments, not less than annual, such amounts as are required to restore the Reserve Fund to the Reserve Required Amount from said increased payments within five years from any date of the use of the Reserve Fund to pay such principal or interest. So long as the Reserve Fund contains the Reserve Required Amount, all amounts in excess thereof shall be deposited to the credit of the Claims Fund, the Emergency Fund, and the Research and Development Fund, to the extent required by Section 3.13 of the 1973 Bond Resolution, and with the remainder to be deposited to the credit of the Interest and Sinking Fund.

Section 4.03. EMERGENCY FUND. There is now on hand in the Emergency Fund created by the 1973 Bond Resolution an amount equal to at least \$1,000,000 (the "Required Emergency Amount"). No deposits are required to be made to the credit of the Emergency Fund so long as it contains the Required Emergency Amount. If the Required Emergency Amount is reduced below \$1,000,000 the Authority shall require the Contracting Parties to increase their payments under the Contracts in amounts sufficient to restore the Emergency Fund to the Required Emergency Amount as soon as practicable, and in all events by the end of the next following Authority fiscal year.

ARTICLE V

BOND PROCEEDS

Section 5.01. All remaining proceeds from the sale of the Bonds after the above deposits required by ARTICLE IV have been made shall be deposited as directed by the Authorized Officer, to be used to carry out the purposes for which the Bonds have been issued.

Section 5.02. Interest earnings derived from the investment of proceeds from the sale of the Bonds (which investments shall be made as permitted by the Act), other than proceeds deposited in accordance with Sections 4.01, 4.02, and 4.03 hereof or used to refund the Refunded Bonds, shall be deposited in the Interest and Sinking Fund. It is further provided, however, that any interest earnings on bond proceeds which are required to be rebated to the United States of America pursuant to ARTICLE VII hereof in order to prevent the Bonds from being arbitrage bonds shall be so rebated and not considered as interest earnings for the purposes of this Resolution.

ARTICLE VI

BONDS ARE SPECIAL OBLIGATIONS

The Bonds authorized by this Resolution are and shall be special obligations of the Authority, and the holder or holders thereof shall never have the right to demand payment of said obligations out of any funds raised or to be raised by the levy of taxes, or from any source other than as provided in this Resolution.

ARTICLE VII

COVENANTS REGARDING TAX-EXEMPTION

Section 7.01. The Issuer covenants to take any action necessary to assure, or refrain from any action which would adversely affect, the treatment of the Bonds as obligations described in section 103 of the Code, the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation. In furtherance thereof, the Issuer covenants as follows:

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

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

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

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

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

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

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

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

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

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

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

In order to facilitate compliance with the above covenant (h), a "Rebate Fund" is hereby established by the Issuer for the sole benefit of the United States of America, and such Fund shall not be subject to the claim of any other person, including

without limitation the bondholders. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

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

Section 7.02. DISPOSITION OF PROJECT. The Issuer covenants that the property constituting the Project financed with the proceeds of the bonds refunded by the Refunded Bonds will not be sold or otherwise disposed in a transaction resulting in the receipt by the Issuer of cash or other compensation, unless the Issuer obtains an opinion of nationally-recognized bond counsel that such sale or other disposition will not adversely affect the tax-exempt status of the Bonds. For purposes of the foregoing, the portion of the property comprising personal property and disposed in the ordinary course shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes hereof, the Issuer shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

ARTICLE VIII

FURTHER PROCEDURES

Section 8.01. FURTHER PROCEDURES. The President, Vice President and Secretary of the Board of Directors of the Issuer, the General Manager of the Issuer and all other officers, employees and agents of the Issuer, and each of them, shall be and they are hereby expressly authorized, empowered and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge and deliver in the name and under the corporate seal and on behalf of the Issuer a Letter of Representation with DTC regarding the Book-Entry Only System, the Paying Agent/Registrar Agreement with the Paying Agent/Registrar and all other instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Resolution, the Letter of Representation, the Bonds, the sale of the Bonds and the Official Statement. Notwithstanding anything to the contrary contained herein, while the Bonds are subject to DTC's Book-Entry Only System and to the extent permitted by law, the Letter of Representation is hereby incorporated herein and its provisions shall prevail over any other provisions of this Resolution in the event of conflict. In case any officer whose signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

ARTICLE IX

CONTINUING DISCLOSURE OF INFORMATION

Section 9.01. CONTINUING DISCLOSURE OF INFORMATION. (a) As used in this Article, the following terms have the meanings ascribed to such terms below:

"MSRB" means the Municipal Securities Rulemaking Board.

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

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

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

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

- A. Principal and interest payment delinquencies;
- B. Non-payment related defaults, if material;
- C. Unscheduled draws on debt service reserves reflecting financial difficulties;
- D. Unscheduled draws on credit enhancements reflecting financial difficulties;
- E. Substitution of credit or liquidity providers, or their failure to perform;
- F. Adverse tax opinions, 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;
- G. Modifications to rights of holders of the Bonds, if material;
- H. Bond calls, if material, and tender offers;
- I. Defeasances;
- J. Release, substitution, or sale of property securing repayment of the Bonds, if material;
- K. Rating changes;
- L. Bankruptcy, insolvency, receivership or similar event of the Issuer;
- M. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- N. Appointment of a successor Paying Agent/Registrar or change in the name of the Paying Agent/Registrar, if material.

As used in clause L. above, the phrase "bankruptcy, insolvency, receivership or similar event" means the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court of governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if jurisdiction has been assumed by leaving the Board and officials or officers of the Issuer in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

ARTICLE X

MISCELLANEOUS

Section 10.01. SECURITY INTEREST. Chapter 1208, Government Code, applies to the issuance of the Bonds and the pledge of the Net Revenues granted by the Issuer under Section 3.03 of this Resolution, and is therefore valid, effective, and perfected. If Texas law is amended at any time while the Bonds are outstanding and unpaid such that the pledge of the Net Revenues granted by the Issuer under Section 3.03 of this Resolution is to be subject to the filing requirements of Chapter 9, Business & Commerce Code, then in order to preserve to the registered owners of the Bonds the perfection of the security interest in said pledge, the Issuer agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Business & Commerce Code and enable a filing to perfect the security interest in said pledge to occur.

Section 10.02. EXPIRATION OF AUTHORIZATION. The authority of the General Manager, as Authorized Officer, to execute a bond purchase agreement as described in Section 2(b) of this Resolution shall expire on the one-year anniversary date of the adoption of this Resolution by the Board.

Section 10.03. REPEAL OF CONFLICTING RESOLUTIONS. All resolutions and all parts of any resolutions which are in conflict or inconsistent with this Resolution are hereby repealed and shall be of no further force or effect to the extent of such conflict or inconsistency.

THE AUTHORITY

THE AUTHORITY'S ACTIVITIES

1. Master Planning. After a series of public hearings, the Authority adopted the original master plan in April 1958. The purpose of the Master Plan is to define and provide a course of action for the Authority to achieve water and soil conservation goals for which purpose the Authority was established by the State of Texas Legislature. The Master Plan goals can generally be described as: to improve the quality of water within the Trinity River Basin in order to provide supplies of good quality water for all beneficial purposes, conserve water and soil resources, reduce flooding, promote water oriented recreation, preserve natural areas, promote the diversity and productivity of aquatic life, and foster an understanding of the complex interrelationships among people, resources,

economy and the environment in the basin. The Authority’s Board of Directors reviews the status of the master plan annually and amends the master plan periodically when it is deemed necessary.

2. Federal Projects. By various resolutions, the Authority has agreed to serve as the local sponsor of the Navarro Mills Reservoir, Bardwell Reservoir, Joe Pool Lake and the Wallisville Salt Water Barrier Project in cooperation with local municipalities or districts that benefit from these projects.

3. Revenue-Based Projects. The Authority, without collecting any property taxes, has implemented service projects serving cities, communities and other special districts throughout the Trinity River Basin. The majority of these funds for these projects have come from the sale of tax-exempt contract service revenue bonds, service payments from customers, federal grants and long-term federal loans. The Authority has responsibility for operating certain of these projects (referred to below as “Operating”). Persons other than the Authority operate the remainder of these projects (referred to below as “Non-Operating”). These projects and those served include:

THE AUTHORITY’S REVENUE-BASED PROJECTS

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

Ellis County Regional Water Supply Project	Cities of Ferris, Italy, Maypearl, Midlothian, Palmer and Red Oak; Ellis County WC&ID No. 1, Rockett Special Utility District, Avalon Water and Sewer Service Corporation, Boyce, Bristol, Nash-Forreton, 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
Big Bear Creek Interceptor Project	Fort Worth, Keller and Southlake
Southlake Sewer Project	Southlake
Lancaster Water and Sewer Project	Lancaster
Denton Creek Wastewater Interceptor System	Fort Worth, Haslet, and Roanoke
Denton Creek Wastewater Pressure Interceptor	Southlake
Cade Branch Interceptor	Fort Worth, Keller
Denton Creek Wastewater Interceptor System (Fort Worth Project)	Fort Worth
Fort Worth Sendera Ranch Project	Fort Worth
Pollution Control Facilities	Community Waste Disposal, Inc and Texas Utilities Electric Co.
Denton Creek Wastewater Transportation Project	Argyle, Flower Mound and Northlake

THE FUTURE ROLE OF THE AUTHORITY

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

1. Master Planning.

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

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

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

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

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

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

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

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

PENSION PLAN

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

OTHER OUTSTANDING INDEBTEDNESS OF THE AUTHORITY

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

<u>Bond Issues:</u>	Outstanding May 31, 2011
Community Waste Disposal, Inc.	\$ 19,790,000
Cade Branch Wastewater Interceptor	555,000
Denton Creek Regional Wastewater Treatment System	97,985,000
Denton Creek Wastewater Interceptor(Fort Worth Project)	1,235,000
Denton Creek Wastewater Pressure Interceptor System	2,060,000
Ellis County (Bristol and Buena Vista-Bethel Corps. Water Supply Project)	7,000
City of Fort Worth Water & Wastewater Transmission Contract (Senders Ranch Project)	7,150,000
General Improvement	3,370,000
City of Huntsville Sewer System Project	1,085,000
Huntsville Regional Water Supply System	9,405,000
Livingston Regional Water Supply Project	2,785,000
Mountain Creek Regional Wastewater System	1,775,000
Northeast Lakeview Wastewater Transportation Project	15,630,000
Red Oak Creek Regional Wastewater System	43,890,000
Tarrant County Water Project	147,370,000
Ten Mile Creek Regional Wastewater System	97,150,000
Texas Utilities Electric Company Pollution Control	51,075,000
Town of Flower Mound Wastewater Transportation Project	4,735,000
Trinity County Regional Water Supply System Project	1,250,000
TOTAL	\$ 508,302,000

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

<u>Project</u>	Outstanding May 31, 2011
Bardwell Reservoir (City of Ennis and Ellis Co. WCID#1)	\$ 1,270,055
Joe Pool Lake (Cities of Cedar Hill, Duncanville, Grand Prairie and Midlothian)	67,371,328
Navarro Mills Reservoir (City of Corsicana)	9,487,953
Wallisville Lake (City of Houston)	\$ 78,129,336

TAX MATTERS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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 specified material events, to Municipal Securities Rulemaking Board (the "MSRB").

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

The Contracting Parties may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12. The updated information will include audited financial statements, if the Contracting Parties commissions an audit and it is completed by the required time. If audited financial statements of the

Contracting Parties are not available by the required time, the Contracting Parties will provide audited financial statements when and if the audit report becomes available. Any such financial statements will be prepared in accordance with generally accepted accounting principles in effect at the time or that the Contracting Parties may be required to employ from time to time pursuant to state law or regulation.

Each of the Contracting Parties' current fiscal year end is September 30. Accordingly, the Contracting Parties must provide updated information by March 31 in each year, unless the Contracting Parties changes its fiscal year. If the Contracting Parties changes its fiscal year, it will notify the MSRB of the change.

MATERIAL EVENT NOTICES . . . The Authority and the Contracting Parties will provide timely notices of certain events to the MSRB. The Authority will provide notice in an electronic format as prescribed by the MSRB, in a timely manner (but not in excess of ten business days after the occurrence of the event), of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the Authority; (13) the consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of the assets of the Authority, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (14) appointment of a successor Paying Agent/Registrar or change in the name of the Paying Agent/Registrar, if material. As used above, the phrase "bankruptcy, insolvency, receivership or similar event" means the appointment of a receiver, fiscal agent or similar officer for the Authority in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court of governmental authority has assumed jurisdiction over substantially all of the assets or business of the Authority, or if jurisdiction has been assumed by leaving the Board and officials or officers of the Authority in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Authority. Neither the Bonds nor the Resolution make any provision for liquidity enhancement. In addition, the 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 to the MSRB. The SEC has approved amendments to the Rule, which became effective July 1, 2009. To make such continuing disclosure information available to investors free of charge, the MSRB has established the Electronic Municipal Market Access ("EMMA") system. The Contracting Parties will be required to file their continuing disclosure information using the EMMA system. Investors will be able to access continuing disclosure information filed with the MSRB at <http://emma.msrb.org>.

LIMITATIONS AND AMENDMENTS . . . The Authority and the Contracting Parties have agreed to update information and to provide notices of material 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. 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 . . . In its past continuing disclosure undertakings relating to its Outstanding Parity Bonds, the Authority assumed certain responsibilities and the Contracting Parties assumed certain responsibilities. During the last five years, the Authority has complied in all material respects with all continuing disclosure undertakings made by it relating to its Outstanding Parity Bonds in accordance with SEC Rule 15c2-12.

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

During the last five years, the Contracting Parties have complied in all material respects with all continuing disclosure undertakings made by them in accordance with SEC Rule 15c2-12.

OTHER INFORMATION

RATINGS

The Bonds are rated “AAA” by Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services Company LLC business (“S&P”) and “AA+” by Fitch Ratings (“Fitch”). The Outstanding Parity Bonds of the Authority are also rated “AAA” by S&P, without regard to credit enhancement. An explanation of the significance of such ratings may be obtained from the company furnishing the rating. The rating reflects only the respective views of such organizations and the Authority makes no representation as to the appropriateness of the ratings. There is no assurance that such rating 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 any such company, 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.

REGISTRATION AND QUALIFICATION OF BONDS FOR SALE

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

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code) provides that the Bonds are negotiable instruments governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State of Texas. With respect to investment in the Bonds by municipalities or other political subdivisions or public agencies of the State of Texas, the Public Funds Investment Act, Chapter 2256, Texas Government Code, requires that the Bonds be assigned a rating of “A” or its equivalent as to investment quality by a national rating agency. See “OTHER INFORMATION - Ratings” herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with at capital of one million dollars or more, and savings and loan associations. The Bonds are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value. No review by the Authority has been made of the laws in other states to determine whether the Bonds are legal investments for various institutions in those states.

LEGAL OPINIONS AND NO-LITIGATION CERTIFICATE

The Authority will furnish a complete transcript of proceedings had incident to the authorization and issuance of the Bonds, including the approving legal opinion of the Attorney General of Texas approving the Bonds and to the effect that the Bonds are valid and legally binding special obligations of the Authority, and based upon examination of such transcript of proceedings, the approving legal opinion of Bond Counsel, to like effect and to the effect that the interest on the Bonds will be excludable from gross income for federal income tax purposes under Section 103(a) of the Code, subject to the matters described under "Tax Matters" herein, including the alternative minimum tax on corporations. Though it represents the Financial Advisor and the 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 under captions "Plan of Financing," "The Bonds" (exclusive of subcaption "Book-Entry-Only System"), "Selected Contract Provisions," "Selected Provisions of Bond Resolution," "Tax Matters," "Continuing Disclosure of Information," (except under the subcaption "Compliance with Prior Undertakings"), "Legal Opinions," "Other Information" and "Legal Investments and Eligibility to Secure Public Funds in Texas." In the Official Statement and such firm is of the opinion that the information relating to the Bonds and the legal issues contained under such captions and subcaptions is an accurate and fair description of the laws and legal issues addressed therein and, with respect to the Bonds, such information conforms to the Resolution. The legal fee to be paid to Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent on the sale and delivery of the Bonds. The legal opinion will accompany the Bonds deposited with DTC or will be printed on the Bonds in the event of the discontinuance of the Book-Entry-Only System. Certain legal matters will be passed upon for the Underwriters by Locke Lord Bissell & Liddell LLP and Mahomes Bolden & Warren PC, Co-Counsel for the Underwriters. The legal fee to be paid to Co-Counsel for the Underwriters for services rendered in connection with the issuance of the Bonds is contingent on the sale and delivery of the Bonds.

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

AUTHENTICITY OF FINANCIAL DATA AND OTHER INFORMATION

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

FINANCIAL ADVISOR

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

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

UNDERWRITING

The Underwriters have agreed, subject to certain conditions, to purchase the Bonds from the Authority, at an underwriting discount of \$359,506.27. The Underwriters will be obligated to purchase all of the Bonds if any Bonds are purchased. The Bonds to be offered to the public may be offered and sold to certain dealers (including the Underwriters and other dealers depositing Bonds into investment trusts) at prices lower than the public offering prices of such Bonds, and such public offering prices may be changed, from time to time, by the Underwriters.

FORWARD-LOOKING STATEMENTS DISCLAIMER

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

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

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

TRINITY RIVER AUTHORITY OF TEXAS

/s/ J. KEVIN WARD

J. KEVIN WARD

General Manager

SCHEDULE 1

REFUNDED BONDS

Trinity River Authority

Regional Wastewater System Revenue Bonds, Series 2001

<u>Original Maturity</u>	<u>Interest Rates</u>	<u>Amount Refunded</u>	<u>Redemption Date</u>	<u>Redemption Price</u>
8/1/2012	3.000%	\$ 9,380,000	8/1/2011	Par
8/1/2013	3.100	12,665,000	8/1/2011	Par
8/1/2014	3.200	13,005,000	8/1/2011	Par
8/1/2015	3.300	10,760,000	8/1/2011	Par
8/1/2016	3.400	7,400,000	8/1/2011	Par
8/1/2017	3.450	7,400,000	8/1/2011	Par
8/1/2018	3.500	6,000,000	8/1/2011	Par
8/1/2019	3.550	5,600,000	8/1/2011	Par
8/1/2020	3.600	5,350,000	8/1/2011	Par
		<hr/> <u>\$77,560,000</u> <hr/>		

APPENDIX A

BIOGRAPHICAL INFORMATION

Board of Directors

and

Management Officers

BOARD OF DIRECTORS

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

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

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

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

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

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

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

AMANDA B. DAVIS of Buffalo, Texas (member, administration committee). Davis is an assistant principal at Buffalo Elementary School in the Buffalo Independent School District. Davis is a member of the Texas Farm Bureau, the Leon County Veterans Memorial Committee, the Science Teachers Association of Texas and the Elementary Principals Association. Davis earned a bachelor's degree from Sam Houston State University, graduating *magna cum laude*, and is pursuing a master's degree at Abilene Christian University. She is a member of the National Honor Society. Davis was reappointed as director for TRA's Leon County in 2011.

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

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

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

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

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

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

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

ANDREW MARTINEZ of Huntsville, Texas (member, legal committee). Martinez is a retired construction safety supervisor for the Texas Department of Criminal Justice. He attended Sam Houston State Teachers College and is ordained as a Baptist minister. He has served as interim pastor at Faith Memorial Baptist Church and is now a member of the Second Baptist Church. He has been active as a prison ministry volunteer for 32 years, including serving as facilitator for the voyager program at the Huntsville Prison Unit. Martinez is a past elected member of the Huntsville City Council and the Huntsville Independent School District board of trustees, and, a past chairman of the Republican Party of Walker County. He is a member of the World Safety Organization, the 32nd degree Scottish Rite, the Arabia Temple Shrine and the Huntsville Lions Club. Martinez is a charter member of the League of United Latin American Citizens and a member of the City of Huntsville Cultural Planning Council. He served on the City of Huntsville Arts Commission and currently serves on the Gulf Coast Trade Center board of trustees. Martinez was appointed as director for Walker County in 2004.

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

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

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

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

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

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

SHIRLEY K. SEALE of Anahuac, Texas (member, resources development committee). Seale is a financial advisor for Edward Jones, an investments company. Seale is a member of the Chambers County Economic Development Board and a member of the West Chambers County Chamber of Commerce. She was a member of the board of directors for the Gulf Coast Waste Disposal Authority from 1997 to 2007. Seale served as a board member for the Chambers County Industrial Development Board and as fundraiser chairman for the Chambers County American Heart Association. She is a member of the Chambers County

Republican Women where she served as treasurer, vice president and delegate to the State Republican Women's Association. Seale is a member of the First Baptist Church of Anahuac and has served as church treasurer for ten years. Seale is a graduate of the Southwestern Graduate School of Banking and attended Lee College, Lamar University and Bank Operations School at East Texas State University. Seale was re-appointed as director for Chambers County in 2009.

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

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

MANAGEMENT OFFICERS

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

Ward served as executive administrator of the Texas Water Development Board from May 2002 to February 2011. The TWDB is a state agency employing over 300 scientists, engineers, lawyers, GIS professionals, finance officers, and related support staff. Under the direction of a six-member board appointed by the governor, the TWDB is responsible for planning the statewide development of water resources, financing water-related infrastructure, and maintaining and disseminating natural resource data for Texas, which includes water-bearing formations and watersheds.

Ward is the immediate past president of the Council of Infrastructure Financing Authorities and was an active participant on the State/Environmental Protection Agency State Revolving Fund workgroup several years ago for implementing the Clean and Drinking Water State Revolving Fund programs. He also served on the Visiting Committee for the Bureau of Economic Geology. He was the presiding officer on the Water Conservation Implementation Task Force, created through Senate Bill 1094, 78th Texas Legislature, which produced the Report to the 79th Legislature and the Best Management Practices Guide to encourage increased use of conservation throughout the state. In addition, Ward served on the advisory committee of the Caroline and William N. Lehrer Distinguished Chair in Water Engineering, established by the agriculture program and the agricultural engineering department of Texas A&M University, which selected the first water resources engineering professor in the department of biological and agricultural engineering.

During his 23-year tenure with the TWDB, Ward served in several capacities, including financial analyst, finance section chief and development fund manager. He served in various management positions in the agency, specializing in the development and implementation of the financial aspects of the TWDB's State Revolving Fund loan programs. From March 1996 to April 2002, Ward served as the TWDB's deputy executive administrator for the Office of Project Finance and Construction Assistance. Immediately prior to joining the TWDB, Ward was an officer and controller for two management consulting firms in Austin, both serving a client base of water and wastewater municipal utility districts and water supply corporations.

Ward earned a bachelor's degree from the University of Texas at Austin.

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

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

ROBERT E. MOORE, CPA, financial services manager. Moore served four years in the United States Navy in the Western Pacific and received an Air Medal for flight operations in a combat zone and the Navy Commendation Medal. He earned a

bachelor's degree from the University of Texas at Austin and has taken graduate classes in accounting, finance and computer science at the University of Texas at Arlington. Moore is a member of the Beta Alpha Psi Accounting Honor Society and the Beta Gamma Sigma Business Honor Society. He became a certified public accountant in 1978. Prior to joining TRA, Moore was employed by Arthur Young & Company and General Dynamics. He began working for TRA in 1978 as the senior manager of the finance division. He has held various volunteer leadership positions with the Boy Scouts of America and has served on the supervisory committee of the Arlington Federal Credit Union. He is currently a member of the Texas Society of Certified Public Accountants, the American Institute of Certified Public Accountants, the Government Finance Officers Association of Texas and the Government Treasurer's Association of Texas.

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

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

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

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

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

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APPENDIX B

CERTAIN FINANCIAL AND OPERATING DATA
OF THE
CONTRACTING PARTIES

**TRINITY RIVER AUTHORITY
REGIONAL WASTEWATER SYSTEM
2011 REVENUE REPORT**

Contracting Parties:

*Town of Addison, Texas
City of Arlington, Texas
City of Bedford, Texas
City of Carrollton, Texas
City of Cedar Hill, Texas
City of Colleyville, Texas
City of Coppell, Texas
City of Dallas, Texas
Dallas – Fort Worth International Airport Board
City of Duncanville, Texas
City of Euless, Texas
City of Farmers Branch, Texas
City of Fort Worth, Texas
City of Grand Prairie, Texas
City of Grapevine, Texas
City of Hurst, Texas
City of Irving, Texas
City of Keller, Texas
City of Mansfield, Texas
City of North Richland Hills, Texas
City of Southlake, Texas*

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TOWN OF ADDISON, TEXAS

TABLE 1 - WATER AND SEWER SYSTEM CONDENSED STATEMENT OF OPERATIONS

	Fiscal Year Ended September 30,				
	2010	2009	2008	2007	2006
Revenues					
Water Sales	\$4,758,886	\$4,972,519	\$4,618,862	\$4,249,522	\$5,697,631
Sewer Service	3,933,498	4,108,426	4,193,659	4,658,814	5,022,160
Interest Income	(3,796)	171,563	178,595	228,325	157,511
Other Income	113,685	110,398	95,868	144,347	134,605
Total Revenue	\$8,802,273	\$9,362,906	\$9,086,984	\$9,281,008	\$11,011,907
Expenses					
Water Purchase	\$2,603,155	\$2,555,204	\$2,408,778	\$2,467,321	\$2,562,592
Sewer Treatment	1,736,262	1,933,859	1,832,671	2,168,904	1,807,619
Other Expenses	2,344,165	2,483,206	2,544,386	2,121,025	2,067,129
Total Operating Expenses⁽¹⁾	\$6,683,582	\$6,972,269	\$6,785,835	\$6,757,250	\$6,437,340
Net Available for Debt Services	\$ 2,118,691	\$ 2,390,637	\$ 2,301,149	\$ 2,523,758	\$ 4,574,567
Water Customers	3,470	3,466	3,431	2,399	3,320
Sewer Customers	2,512	2,508	2,512	2,499	2,653

(1) Excludes depreciation.

As of September 30, 2010, the City has no water and sewer revenue bonds outstanding.

TABLE 2 - AUTHORIZED BUT UNISSUED REVENUE BONDS

As of September 30, 2010, the City has no authorized but unissued revenue bonds.

TABLE 3 - WATER USAGE

Year Ended 30-Sep	Total Water Purchased In Gallons	Average Daily Usage In Gallons	Maximum Daily Usage In Gallons
2006	2,240,000,000	6,020,000	9,900,000
2007	1,730,599,000	4,741,367	8,437,000
2008	1,760,408,000	4,846,607	8,421,000
2009	1,680,000,000	4,630,000	8,750,000
2010	1,580,000,000	4,330,000	8,900,000

TABLE 4 - MONTHLY WATER RATES (EFFECTIVE OCTOBER 2010)

<u>Residential</u>		<u>Commercial</u>	
<u>Single Family</u>		<u>Large</u>	
First 2,000 gallons	\$ 10.34 (minimum)	First 37,000 gallons	\$ 86.29 (minimum)
Next 13,000 gallons	\$ 2.17/M gallons	Over 37,000 gallons	2.17/M gallons
Over 15,000 gallons	\$ 4.35/M gallons		
<u>Multi-Family (Large)</u>		<u>Small</u>	
First 37,000 gallons	\$ 86.29 (minimum)	First 15,000 gallons	\$ 16.85 (minimum)
Over 37,000 gallons	\$ 2.17/thousand gallons	Over 15,000 gallons	\$ 2.17/M gallons
<u>Multi-Family (Small)</u>			
First 37,000 gallons	\$ 38.55 (minimum)		
Over 37,000 gallons	\$ 2.17/M gallons		

TABLE 5 - MONTHLY SEWER RATES (EFFECTIVE OCTOBER 2010)

<u>Residential</u>		<u>Commercial</u>	
<u>Single Family</u> ⁽¹⁾		<u>Large</u>	
First 2,000 gallons	\$ 15.02 (minimum)	First 37,000 gallons	\$ 172.87
Next 6,000 gallons	\$ 4.51/M gallons	Over 37,000 gallons	4.51/M gallons
Maximum Rate	\$ 42.08		
<u>Multi-Family (Large)</u>		<u>Small</u>	
First 37,000 gallons	\$ 172.87 (minimum)	First 15,000 gallons	\$ 28.55 (minimum)
Over 37,000 gallons	4.51/thousand gallons	Over 15,000 gallons	\$ 4.51/M gallons
<u>Multi-Family (Small)</u>			
First 37,000 gallons	\$ 73.65 (minimum)		
Over 37,000 gallons	2.17/M gallons		

(1) Maximum 8,000 gallons

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CITY OF ARLINGTON, TEXAS

TABLE 1 - WATER AND SEWER SYSTEM CONDENSED STATEMENT OF OPERATIONS ⁽¹⁾

	Fiscal Year Ended September 30,				
	2010	2009	2008	2007	2006
Revenues					
Water Sales	\$57,459	\$57,685	\$54,312	\$43,693	\$58,571
Sewer Service	44,890	45,749	42,208	40,246	38,052
Interest Income	791	1,461	563	906	2,175
Other Income	5,451	4,790	5,804	4,847	6,122
Total Revenue	\$108,591	\$109,685	\$102,887	\$89,692	\$104,920
Expenses					
Labor Costs	\$13,085	\$13,464	\$12,959	\$12,917	\$12,846
Supplies	2,955	4,077	3,576	2,356	2,937
Maintenance	2,780	3,300	2,779	2,493	2,764
Water Supply (The District)	13,676	13,082	11,782	12,549	13,738
Sewer Treatment Contracts	20,873	22,126	19,606	19,364	18,179
Utilities	3,162	3,181	3,562	3,155	3,831
Other Expenses	4,199	4,177	3,962	8,210	8,876
Total Operating Expenses Before Depreciation	\$60,730	\$63,407	\$58,226	\$61,044	\$63,171
Net Revenues of the Systems	\$47,861	\$46,278	\$44,661	\$28,648	\$41,749
Interest During Construction Included Above	(98)	(350)	(1,191)	(1,059)	(756)
Net Available for Debt Service	\$47,763	\$45,928	\$43,470	\$27,589	\$40,993
Water Customers	99,288	99,141	98,924	98,195	97,299
Sewer Customers	97,185	96,895	98,187	96,210	95,124

(1) Amounts expressed in thousands.

TABLE 2 - COVERAGE AND FUND BALANCES

Waterworks and Sewer System Revenue Bonds Outstanding (as of 9/30/10)	\$ 132,210,000
Principal and Interest Requirements, 2011	\$ 15,023,503
Average Annual Principal and Interest Requirements, 2011-2030	\$ 8,400,639
Coverage of Average Requirements by 9/30/10 Net Available for Debt Service	5.69 Times
Maximum Principal and Interest Requirements, 2011	\$ 15,023,503
Coverage of Requirements by 9/30/10 Net Available for Debt Service	3.18 Times
Interest and Sinking Fund (as of 9/30/10)	\$ 4,465,218
Reserve Fund (as of 9/30/10)	\$ 7,013,113

TABLE 3 - WATER USAGE

<u>Year Ended 30-Sep</u>	<u>Total Production In Gallons</u>	<u>Average Daily Production In Gallons</u>	<u>Maximum Daily Production In Gallons</u>
2006	24,545,000,000	67,260,000	116,720,000
2007	18,434,000,000	51,520,000	86,040,000
2008	20,888,000,000	57,230,000	109,490,000
2009	21,734,000,000	59,540,000	115,200,000
2010	20,236,000,000	55,440,000	102,240,000

TABLE 4 – WATER RATES (EFFECTIVE OCTOBER 1, 2010)

<u>Water Rates (Fixed Monthly Fee)</u>	
<u>Meter Size</u>	<u>Monthly Charge</u>
3/4" (≤2,000 gal)	\$4.98
3/4" (≥3,000 gal)	8.55
1"	14.96
1 1/2"	34.20
2"	59.85
3"	137.40
4"	220.54
6"	512.77
8"	803.51
10"	1,206.98

Conservation Rates Block Structure

Residential

<u>Usage (1,000 gallons)</u>	<u>Water</u>
0 - 2	\$ 1.42
3 - 10	2.02
11 - 15	2.98
16 - 29	3.41
≥ 30	4.08

Commercial

<u>Usage (1,000 gallons)</u>	<u>Water</u>
0 - 15	\$ 2.08
≥ 16	2.38

Irrigation

<u>Usage (1,000 gallons)</u>	<u>Rate</u>
0 - 29	\$ 3.41
≥ 30	4.08

Construction

<u>Usage (1,000 gallons)</u>	<u>Rate</u>
All Usage	\$4.75

TABLE 5 - SEWER RATES (EFFECTIVE OCTOBER 1, 2010)

Sewer Rates (based on water consumption)	
Meter Size	Monthly Charge
3/4" (<2,000 gal)	\$4.20
3/4" (≥3,000 gal)	8.05
1"	14.09
1 1/2"	32.20
2"	56.35
3"	78.10
4"	135.43
6"	309.31
8"	487.71
10"	731.52

Conservation Rates Block Structure

Residential

Usage (1,000 gallons)	Wastewater
0 - 2	\$ 3.14
3 - 10	3.14
11 - 15	3.14
16 - 29	3.14
≥ 30	3.14

Commercial

Usage (1,000 gallons)	Wastewater
0 - 15	\$ 3.14
≥ 16	3.14

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CITY OF BEDFORD, TEXAS

TABLE 1 - WATER AND SEWER SYSTEM CONDENSED STATEMENT OF OPERATIONS

	Fiscal Year Ended September 30,				
	2010	2009	2008	2007	2006
Revenues					
Water Sales	\$ 10,475,115	\$ 9,557,761	\$ 8,460,449	\$ 7,633,236	\$ 9,331,796
Charges for Sewer Services	5,364,676	4,430,273	4,117,904	3,823,339	3,906,821
Interest Income	11,783	36,991	200,812	220,372	231,882
Other	482,405	676,676	797,617	656,589	547,524
Total Revenue	\$ 16,333,979	\$ 14,701,701	\$ 13,576,782	\$ 12,333,536	\$ 14,018,023
Expenses					
Water Supply and Distribution	\$ 8,243,196	\$ 7,420,914	\$ 8,092,292	\$ 6,204,434	\$ 6,787,938
Wastewater Collection and Disposal	3,629,709	3,576,468	3,177,814	3,222,985	2,985,155
Billing and Collection	1,098,619	1,002,986	856,704	872,665	799,902
Public Services/Engineering	560,172	538,904	493,221	372,045	380,544
Total Expense	\$ 13,531,696	\$ 12,539,272	\$ 12,620,031	\$ 10,672,129	\$ 10,953,539
 Net Available for Debt Service	 \$ 2,802,283	 \$ 2,162,429	 \$ 956,751	 \$ 1,661,407	 \$ 3,064,484
 Administrative Overhead/Payment in Lieu of Taxes	 <u>1,865,996</u>	 <u>1,806,316</u>	 <u>1,806,316</u>	 <u>1,806,316</u>	 <u>1,716,923</u>
 Net Operating Income	 \$ 936,287	 \$ 356,113	 \$ (849,565)	 \$ (144,909)	 \$ 1,347,561
 Water Customers	 23,068	 23,130	 23,085	 22,974	 22,892
Sewer Customers	22,575	22,620	22,539	22,459	22,392

TABLE 2 - COVERAGE AND FUND BALANCES

Average Annual Principal and Interest Requirements, 2011 - 2027	\$ 279,060
Coverage of Average Annual Requirements by 9/30/10 Net Available for Debt Service	10.04x
 Maximum Principal and Interest Requirements, 2018	 \$ 362,298
Coverage of Maximum Requirements by 9/30/10 Net Available for Debt Service	7.73x
 Water and Sewer System Revenue Bonds Outstanding, 2/1/11	 \$ 3,200,000
 Interest and Sinking Fund, 2/1/11	 \$ 213,956
 Reserve Fund Balance, 2/1/11	 \$ 405,619
 Repair & Replacement Fund Balance, 2/1/11	 \$ 68,420

TABLE 3 - AUTHORIZED BUT UNISSUED REVENUE BONDS

As of September 30, 2010, the City has no authorized but unissued revenue bonds, and pursuant to State law is not required to approve its revenue bonds through election.

TABLE 4 - MONTHLY WATER RATES (EFFECTIVE OCTOBER 1, 2010)

With the exception of multi-family dwellings the minimum charge for various size meters per month shall be:

5/8 inch meter	\$ 18.37
5/8 inch meter (account holder over 65 years of age)	16.70
1 inch meter	36.73
1 inch meter (account holder over 65 years of age)	33.40
1 1/2 inch meter	73.47
2 inch meter	117.59
3 inch meter	220.49
4 inch meter	352.82
6 inch meter	1323.04
Fire Hydrant Meter	194.60
All water used per month	2.89 per 1000 gallons.

TABLE 5 - MONTHLY SEWER RATES (EFFECTIVE OCTOBER 1, 2010) ⁽¹⁾

5/8 or 3/4 inch meter	\$ 10.88
5/8 inch meter (account holder over 65 years of age)	9.88
1 inch meter	16.35
1 inch meter (account holder over 65 years of age)	14.85
1 1/2 inch meter	25.49
2 inch meter	36.42
3 inch meter	65.58
4 inch meter	98.46
6 inch meter	189.72
Volume Charge	1.72 per 1,000 gallons up to 12,000 gallons ⁽²⁾

- (1) Based on average volume of water billed during December, January and February (residential).
- (2) No charge over 12,000 – residential accounts only.

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CITY OF CARROLLTON, TEXAS

TABLE 1 - WATERWORKS AND SEWER SYSTEM CONDENSED STATEMENT OF OPERATIONS

	Fiscal Year Ended September 30,				
	2010	2009	2008	2007	2006
Revenues:	\$33,585,356	\$34,546,031	\$36,108,584	\$33,689,946	\$39,162,205
Expenses:					
Personal Services	3,573,380	3,726,351	3,648,949	3,565,463	3,490,061
Materials and Supplies	-	-	-	-	1,121,735
Contractual Services	-	-	-	-	19,805,588
Supplies and Services	18,359,278	18,792,132	17,597,382	17,547,306	-
Utilities	905,799	1,233,722	1,287,743	1,125,919	-
Allocations	1,098,674	1,138,529	1,073,111	1,122,765	-
Bad Debts	59,032	74,325	66,812	79,166	107,687
Transfers Out	3,265,278	3,282,643	3,270,586	3,334,308	3,156,032
Total Expenses	<u>\$27,261,441</u>	<u>\$28,247,702</u>	<u>\$26,944,583</u>	<u>\$26,774,927</u>	<u>\$27,681,103</u>
Net Available for Debt Services	<u>\$6,323,915</u>	<u>\$6,298,329</u>	<u>\$9,164,001</u>	<u>\$6,915,019</u>	<u>\$11,481,102</u>
Customer Count Water/Sewer	33,915	34,825	34,878	34,545	34,287
Average Annual Debt Service	\$ 1,843,461	\$ 1,903,950	\$ 1,958,624	\$ 2,008,330	\$ 1,827,605
Coverage	3.43 Times	3.31 Times	4.68 Times	3.44 Times	6.28 Times

TABLE 2 - COVERAGE AND FUND BALANCES

Waterworks and Sewer System Revenue Bonds Outstanding (as of 9/30/10)	\$23,235,000
Principal and Interest Requirements, 2011	2,938,009
Coverage of Requirements by 9/30/10 Net Available for Debt Service	2.15 Times
Average Annual Principal and Interest Requirements, 2011-2027 (as of 9/30/10)	\$1,843,461
Coverage of Average Requirements by 9/30/10 Net Available for Debt Service	3.43 Times
Maximum Principal and Interest Requirements, 2011 (as of 9/30/10)	\$2,938,009
Coverage of Requirements by 9/30/10 Net Available for Debt Service	2.15 Times
Interest and Sinking Fund (as of 9/30/10)	\$1,224,171
Reserve Fund (as of 9/30/10)	\$1,843,461

TABLE 3 - AUTHORIZED BUT UNISSUED REVENUE BONDS

As of September 30, 2010, the City had no authorized but unissued revenue bonds.

TABLE 4 - TOP TEN LARGEST WATER CUSTOMERS

<u>Name</u>	<u>Type</u>	<u>Revenues</u>	<u>Water Revenues</u>
Carrollton-Farmers Branch ISD	School District	\$ 364,346	1.61%
Lewisville ISD	School District	128,453	0.57%
BH Autumn Chase Apts. LP.	Apartments	126,161	0.56%
Bella Vida Gardens Assoc. LLC	Apartments	116,575	0.51%
STMicroelectronics, Inc.	Computer Hi-Tech	100,355	0.44%
Western Extrusions Inc.	Manufacturing	94,313	0.42%
Frankel Family Trust	Apartments	82,790	0.37%
Country Square Associates	Property Management	76,268	0.34%
Texas Estrada Apts	Apartments	62,694	0.28%
Landco	Real Estate	60,608	0.27%
TOTAL		<u>\$ 1,212,563</u>	<u>5.37%</u>

TABLE 5 - WATER USAGE

<u>Fiscal Year Ended</u>	<u>Average Daily Use In Gallons</u>	<u>Maximum Daily Use In Gallons</u>	<u>Total Gallons For Year</u>
2006	25,210,000	53,016,000	9,279,700,000
2007	19,244,517	36,627,000	7,024,249,000
2008	22,547,161	45,244,000	8,229,714,000
2009	21,077,000	41,162,000	7,707,993,000
2010	24,994,000	40,022,000	7,166,971,000

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TABLE 6 - MONTHLY WATER RATES (EFFECTIVE FEBRUARY 1, 2010)

Monthly Water Rates:

Residential:

Meter Readings from October through April:		
First 2,000 gallons, minimum	\$	10.63
All Over 2,000 gallons (per 1,000 gallons)		2.66
Meter Readings from May through September:		
First 2,000 gallons, minimum		10.63
Next 8,000 gallons (per 1,000 gallons)		2.66
All Over 10,000 gallons (per 1,000 gallons)		3.58
All Over 25,000 gallons (per 1,000 gallons)		4.49

Commercial (including apartments and portable meters), Industrial and irrigation minimum monthly charges, including the first 2,000 gallons of use.

5/8" meter	\$	10.63
1" meter		16.38
1.5" meter		25.99
2" meter		37.50
3" meter		68.21
4" meter		102.75
6" meter		198.73
8" meter		313.91
10" meter		448.26
Fire Line regardless of size		57.90

Irrigation use:

Next 8,000 gallons (per 1,000 gallons)	\$	2.23
All use over 10,000 gallons but less than 25,000 gallons (per 1,000 gallons)		2.95
All use over 25,000 gallons (per 1,000 gallons)		3.09

Commercial use: Including apartments and portable meters.

All use over 2,000 gallons (per 1,000 gallons)	\$	1.81
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Industrial Use: Industrial use rates for water service will apply to customers in the business of assembly or manufacturing of goods and for which water usage equals or exceed 750,000 gallons per month for nine out of twelve months in the year:

All use over 2,000 gallons (per 1,000 gallons)	\$	1.52
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TABLE 7 - MONTHLY SEWER RATES (EFFECTIVE FEBRUARY 1, 2010)

Monthly Sewer Rates:

Residential use:

First 2,000 gallons, minimum	\$	9.67
All use over 2,000 gallons (per 1,000 gallons)		2.02

Commercial (including apartments), Industrial and Irrigation minimum monthly charges, including the first 2,000 gallons of use:

5/8" meter	\$	9.67
1" meter		13.98
1.5" meter		21.15
2" meter		29.75
3" meter		52.71
4" meter		78.52
6" meter		150.22
8" meter		236.27
10" meter		336.65

Commercial and Industrial use:

All use over 2,000 gallons (per 1,000 gallons)	\$	2.02
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CITY OF CEDAR HILL, TEXAS

TABLE 1 – WATERWORKS AND SEWER SYSTEM CONDENSED STATEMENT OF OPERATIONS

	Fiscal Year Ended September 30,				
	2010	2009	2008	2007	2006
OPERATING REVENUES					
Water Sales	\$ 7,901,704	\$ 8,575,481	\$ 9,085,245	\$ 7,752,744	\$ 9,660,693
Sewer Sales	5,453,589	5,244,621	4,941,585	4,530,261	4,468,990
Other Charges	406,748	483,755	517,488	617,519	575,863
Total Operating Income	13,762,041	14,303,857	14,544,318	12,900,524	14,705,546
OPERATING EXPENSES					
Sewage Treatment	4,680,129	4,068,763	3,809,777	3,441,542	3,165,803
Purchase of Water	3,212,622	3,025,125	2,811,772	3,140,673	3,306,043
Personnel Services	2,690,839	2,537,922	2,370,241	2,211,241	2,068,556
Depreciation	1,518,792	1,476,514	1,602,646	1,666,907	1,522,928
Gross Receipts Tax	627,021	642,213	644,739	552,735	639,126
Heat, Light and Power	417,263	459,475	498,065	376,878	520,596
Maintenance	297,286	294,709	304,158	208,050	317,288
Contractual Services	490,723	437,362	391,466	473,223	251,217
Bad Debts	-	-	-	428,691	330,026
Materials and Supplies	921,099	323,617	328,398	244,764	215,310
Miscellaneous	92,020	250,291	79,604	73,075	64,475
Total Operating Expenses	14,947,794	13,515,991	12,840,866	12,817,779	12,401,368
OPERATING INCOME	(1,185,753)	787,866	1,703,452	82,745	2,304,178
NON-OPERATING REVENUES (EXPENSES)					
Other Revenues	64,610	45,273	41,527	53,283	616,842
Interest Revenue	186,944	219,773	604,215	767,361	646,285
Gain (Loss) on Retirement of Assets	24,117	-	(11,189)	(58,192)	(1,463,439)
Interest and Fiscal Charges	(604,986)	(629,480)	(523,216)	(424,801)	(376,825)
Total Non-Operating Income	(329,315)	(364,434)	111,337	337,651	(577,137)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(1,515,068)	423,432	1,814,789	420,396	1,727,041
Contributions	370,066	1,138,634	3,429,343	2,011,817	1,434,853
Contributions, Tap Fees & Other	153,328	35,380	200,131	623,568	-
TRANSFER OUT	(1,800,000)	(1,800,000)	(1,802,000)	(1,801,000)	(1,800,000)
NET INCOME	(2,791,674)	(202,554)	3,642,263	1,254,781	1,361,894
ADDITIONS					
Depreciation	1,518,792	1,476,514	1,602,646	1,666,907	1,522,928
Interest & Fiscal Charges	604,986	629,480	523,216	424,801	376,825
Gain (Loss) on Retirement of Assets	(24,117)	-	11,189	58,192	1,463,439
Capital Recovery Fees	1,621,250				
Transfer Out	1,800,000	1,800,000	1,802,000	1,801,000	1,800,000
TOTAL ADDITIONS	5,520,911	3,905,994	3,939,051	3,950,900	5,163,192
DEDUCTIONS					
Contributions	370,066	1,138,633	3,429,343	2,011,817	1,434,853
Capital Recovery Fees	-	35,380	199,483	614,292	562,964
Interest Income-Cap. Rec. Fees	-	23,351	117,167	194,721	180,668
Interest Income-Bond Proceeds	91,053	79,428	313,218	258,546	197,615
TOTAL DEDUCTIONS	461,119	1,276,792	4,059,211	3,079,376	2,376,100
NET REVENUES	\$ 2,268,118	\$ 2,426,648	\$ 3,522,103	\$ 2,126,305	\$ 4,148,986

TABLE 2 - COVERAGE AND FUND BALANCES

Average Annual Principal and Interest Requirements, 2011-2028	\$ 814,121
Coverage of Average Requirements by 9/30/10 Net Revenues	2.79 Times
Maximum Principal and Interest Requirements, 2011	\$ 908,959
Coverage of Maximum Requirements by 9/30/10 Net Revenues	2.50 Times
Waterworks and Sewer System Revenue Bonds Outstanding, 9/30/10	\$ 10,250,000
Interest and Sinking Fund, 9/30/10	\$ 230,537
Debt Service Reserve Fund, 9/30/10	\$ 1,034,944

TABLE 3 - AUTHORIZED BUT UNISSUED REVENUE BONDS

As of September 30, 2010 the City has no voted but unissued revenue bonds, and pursuant to State law is not required to approve its revenue bonds through election.

TABLE 4 - HISTORICAL WATER USAGE

Fiscal Year Ended 9/30	Daily Average (MGD)	Peak Day (MGD)	Peak Month (MGD)	Total Usage (MGD)	Water Revenue
2006	8.29	19.7	384.4	3,026.0	9,660,693
2007	6.94	12.9	264.8	2,528.0	7,752,744
2008	8.31	13.1	337.5	3,031.5	9,166,124
2009	8.70	14.0	346.4	3,175.7	8,575,481
2010	8.10	13.2	316.4	2,951.0	7,901,704

TABLE 5 – MONTHLY WATER RATES (EFFECTIVE OCTOBER 1, 2010)

	New Rates	
	Inside City	Outside City
First 1,000 Gallons	\$ 7.00	\$ 7.00
Next 49,000 Gallons	4.98	4.98
Over 50,000 Gallons	4.93	4.93
	Old Rates	
	Inside City	Outside City
First 1,000 Gallons	\$ 7.00	\$ 7.00
Next 49,000 Gallons	4.74	4.74
Over 50,000 Gallons	4.69	4.69

TABLE 6 – MONTHLY SEWER RATES (EFFECTIVE OCTOBER 1, 2010)

	Residential			
	New Rates		Old Rates	
	Inside City	Outside City	Inside City	Outside City
First 1,000 Gallons	\$ 7.25	\$ 7.25	\$ 7.25	\$ 7.25
Over 1,000 Gallons	5.84	5.84	5.76	5.76
Residential charges capped at \$59.00				
	Commercial			
	New Rates		Old Rates	
	Inside City	Outside City	Inside City	Outside City
First 1,000 Gallons	\$ 7.25	\$ 7.25	\$ 7.25	\$ 7.25
Over 1,000 Gallons	5.84	5.84	5.76	5.76

TABLE 7 - CAPITAL RECOVERY FEES

As of Sept. 30, 2010 the capital recovery fee funds may be used for capital projects and to pay debt service on projects for which the fee was levied and to date has produced approximately \$14,663,119 for the City:

Water Sources	\$ 8,340,922.00
Sewer Sources	3,553,046.00
Investment Earnings	2,769,151.00

To date, the City has used approximately \$13,291,517 of the funds for water and wastewater projects and has remaining funds of \$1,371,602.

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CITY OF COLLEYVILLE, TEXAS

TABLE 1 - WATERWORKS AND SEWER SYSTEM OPERATING SYSTEM

	Fiscal Year Ended September 30,				
	2010	2009	2008	2007	2006
Revenues					
Metered Water Sales	\$ 8,152,807	\$ 7,949,903	\$ 7,835,523	\$ 6,141,513	\$ 9,153,333
Sewer Service Charges	2,583,176	2,770,366	2,368,188	2,132,689	1,914,756
Miscellaneous charges and fees	678,442	583,599	911,181	853,268	1,289,487
Interest Income	12,649	154,414	337,376	918,560	778,900
Total Revenues	<u>\$ 11,427,074</u>	<u>\$ 11,458,282</u>	<u>\$ 11,452,268</u>	<u>\$ 10,046,030</u>	<u>\$ 13,136,476</u>
Expenses					
Personal Services	\$ 1,952,279	\$ 2,113,507	\$ 2,012,386	\$ 1,835,172	\$ 1,706,567
Maintenance and Contractual Services	7,335,146	6,697,536	7,494,429	6,053,579	6,131,075
Materials and Supplies	170,930	132,760	164,066	151,870	229,923
Total Expenses	<u>\$ 9,458,355</u>	<u>\$ 8,943,803</u>	<u>\$ 9,670,881</u>	<u>\$ 8,040,621</u>	<u>\$ 8,067,565</u>
Net Available for Debt Service	<u>\$ 1,968,719</u>	<u>\$ 2,514,479</u>	<u>\$ 1,781,387</u>	<u>\$ 2,005,409</u>	<u>\$ 5,068,911</u>
Water Customers	9,014	8,960	8,893	8,700	8,561
Sewer Customers	8,389	8,351	8,138	7,966	7,761

TABLE 2 - COVERAGE AND FUND BALANCES

Average Annual Principal and Interest Requirements, 2011 – 2018	\$ 585,334
Coverage of Average Requirements by 9-30-10 Net Available for Debt Service	3.36 Times
Maximum Annual Principal and Interest Requirements, 2012	\$ 833,012
Coverage of Maximum Requirements by 9-30-10 Net Available for Debt Service	2.36 Times
Waterworks and Sewer System Revenue Bonds Outstanding (as of 9-30-10)	\$ 4,340,000
Interest and Sinking Fund (as of 9-30-10)	\$ 777,985
Reserve Fund (as of 9-30-10)	\$ 848,967

TABLE 3 - AUTHORIZED REVENUE BONDS

As of September 30, 2010, the City has no authorized but unissued revenue debt.

TABLE 4 - WATER USAGE

Fiscal Year End	Average Day Usage	Total Usage
2006	8,081,269	2,949,663,100
2007	5,128,843	1,872,027,700
2008	6,619,179	2,416,000,500
2009	6,578,006	2,400,972,500
2010	5,990,353	2,186,479,000

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

	In-City Customers	Out-City Customers
First 2,000 Gallons (Minimum)	\$12.10	\$16.10
All Over 2,000 Gallons	\$3.53/M Gallons	\$3.53/M Gallons

TABLE 6 - MONTHLY SEWER RATES (EFFECTIVE FEBRUARY 1, 2011)

First 2,000 Gallons (Minimum)	\$8.80 (Minimum)
All Over 2,000 Gallons	\$2.27 Gallons

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CITY OF COPPELL, TEXAS

TABLE 1 - WATERWORKS AND SEWER SYSTEM OPERATING SYSTEM

	Fiscal Year Ended September 30,					
	2010	2009	2008	2007	2006	2005
Operating Revenues						
Water and Sewer Sales	\$ 12,723,433	\$ 13,383,492	\$ 13,538,471	\$ 11,821,254	\$ 14,944,368	\$ 12,975,492
Water and Sewer Connection Fees	22,173	22,430	21,760	19,450	30,308	32,866
Interest and Miscellaneous	284,989	398,147	663,709	989,478	987,384	617,571
Capital Recovery Fees	200,002	247,853	206,610	264,987	137,582	52,920
Total Revenues	\$ 13,230,597	\$ 14,051,922	\$ 14,430,550	\$ 13,095,169	\$ 16,099,642	\$ 13,678,849
Operating Expenses						
Purchase of Water	\$ 4,182,116	\$ 4,128,468	\$ 3,860,529	\$ 3,771,944	\$ 4,058,257	\$ 3,452,015
Purchase of Sewer Treatment	2,081,418	1,946,572	1,657,900	1,490,108	1,618,237	1,577,496
Salaries and Wages	1,396,495	1,377,349	1,251,404	1,188,715	1,138,643	1,096,299
Supplies and Services	3,707,817	4,111,201	4,551,012	4,117,744	4,026,487	4,204,228
Total Expenses	\$ 11,367,846	\$ 11,563,590	\$ 11,320,845	\$ 10,568,511	\$ 10,841,624	\$ 10,330,038
Net Available for Debt Service	\$ 1,862,751	\$ 2,488,332	\$ 3,109,705	\$ 2,526,658	\$ 5,258,018	\$ 3,348,811
Water Customers	12,308	12,165	12,094	12,028	11,936	11,741
Sewer Customers	11,339	11,226	11,167	11,142	11,084	10,928

TABLE 2 - COVERAGE AND FUND BALANCES

Average Annual Principal and Interest Requirements, 2011 - 2019	\$ 296,921	
Coverage of Average Annual Requirements by 9/30/10 Net Income	-	Times
Maximum Principal and Interest Requirements, 2011	\$ 368,568	
Coverage of Maximum Requirements by 9/30/10 Net Income	-	Times
Waterworks and Sewer System Refunding Bonds Outstanding, 9/30/10	\$ 2,405,000	
Interest and Sinking Fund, 9/30/10	\$ 931	
Reserve Fund, 9/30/10 ⁽¹⁾	\$ -	

(1) The City no longer has any revenue debt outstanding.

TABLE 3 - AUTHORIZED REVENUE BONDS

As of September 30, 2010, the City has no authorized but unissued revenue debt.

TABLE 4 - WATER USAGE

Fiscal Year Ended	Estimated City Population	Water Usage		
		Average Day Usage	Peak Day Usage	Total Usage
2005	38,900	8,438,523	18,500,000	3,080,061,000
2006	39,209	9,697,115	18,100,000	3,539,447,000
2007	39,367	6,819,364	14,000,000	2,489,068,000
2008	39,565	8,062,046	17,420,000	2,950,709,000
2009	39,655	8,088,600	17,315,000	2,952,339,000
2010	39,750	7,450,510	17,290,000	2,719,436,000

TABLE 5 - MONTHLY WATER RATES

New Rates
(Effective December 13, 1994)

First 1,000 gallons \$12.00 (minimum)
\$2.60 per 1,000 gallons over initial 1,000 gallons

Seasonal Conservation Water Rate: (June - October Billings)
(Effective November 11, 2003)

All over 25,000 gallons \$3.25 per 1,000 gallons

Old Rates
(Effective April 14, 1992)

First 1,000 gallons \$8.00 (minimum)
\$2.60 per 1,000 gallons over initial 1,000 gallons

TABLE 6 - SEWAGE FLOW

Year Ended	Amount in Gallons	Average Daily Sewer Flow
2005	1,450,369,000	3,973,614
2006	1,163,661,000	3,188,112
2007	1,238,055,000	3,391,932
2008	1,256,310,000	3,432,541
2009	1,185,668,000	3,248,405
2010	1,315,635,000	3,604,479

TABLE 7 - MONTHLY SEWER RATES

New Rates
(Effective December 13, 1994)

First 1,000 gallons \$12.00 (minimum)
\$1.80 per 1,000 gallons over initial 1,000 gallons
Maximum Charge (Residential Only) \$35.40
No maximum for other customers

Old Rates
(Effective April 14, 1992)

First 1,000 gallons \$8.00 (minimum)
\$1.80 per 1,000 gallons over initial 1,000 gallons
Maximum Charge (Residential Only) \$31.40
No maximum for other customers

CITY OF DALLAS, TEXAS

TABLE 1 - WATERWORKS AND SEWER SYSTEM OPERATING SYSTEM (AMOUNTS IN THOUSANDS)

	Fiscal Year Ended September 30,				
	2010 ⁽³⁾	2009	2008	2007	2006
Operating Revenues ⁽¹⁾					
Water	\$ 277,195	\$ 271,399	\$ 265,028	\$ 237,593	\$ 266,806
Wastewater	190,332	196,530	186,380	174,405	171,455
	<u>\$ 467,527</u>	<u>\$ 467,929</u>	<u>\$ 451,408</u>	<u>\$ 411,998</u>	<u>\$ 438,261</u>
Operating Expenses					
Operation and Maintenance	\$ 263,081	\$ 264,908	\$ 252,652	\$ 227,008	\$ 228,976
Depreciation and Amortization	97,864	92,106	76,887	77,363	63,171
	<u>\$ 360,945</u>	<u>\$ 357,014</u>	<u>\$ 329,539</u>	<u>\$ 304,371</u>	<u>\$ 292,147</u>
Earnings from Operations	106,582	\$ 110,915	\$ 121,869	\$ 107,627	\$ 146,114
Net Interest Expense ⁽²⁾	(66,207)	(53,065)	(44,488)	(32,404)	(37,277)
Change in Fair Value of Investments	(784)	340	(1,827)	6,936	771
Capital Contribution Received	10,345	14,825	20,700	9,062	11,398
Net Transfers	(12,038)	(6,000)	(3,213)	(2,934)	(3,000)
Gain/(Loss) From Property Disposal	(93)	93	(905)	167	(7)
Net Earnings Reinvested	<u>\$ 37,805</u>	<u>\$ 67,108</u>	<u>\$ 92,136</u>	<u>\$ 88,454</u>	<u>\$ 117,999</u>
Water Customer Accounts	293	291	288	287	286
Wastewater Customer Accounts	275	276	271	270	269
Water Connections	331	330	328	327	324

(1) In 1981, the City Council adopted a financial criterion for Dallas Water Utilities cost of service studies, which requires an annual review of customer service rates and the recommendation of rate adjustment when appropriate. Operating Revenues shown above reflect rate adjustments effective October 1 at the beginning of each fiscal year.

(2) Interest earnings and capitalized interest are included above as a reduction of Net Interest Expense.

(3) Unaudited

TABLE 2 - PROTECTED COVERAGE AND FUND BALANCES

Average Annual Principal and Interest Requirements, Fiscal Years 2011 - 2040	\$ 93,864,823
Coverage of Average Requirements by Fiscal Year Ended 9-30-10 Net Revenues	2.53 x
Maximum Principal and Interest Requirements, Fiscal Year 2013	\$ 170,101,685
Coverage of Maximum Requirements by Fiscal Year Ended 9-30-10 Net Revenues	1.40 x
Waterworks and Sewer System Revenue Bonds Outstanding	\$ 1,824,093,000
Interest and Sinking fund (as of 9-30-10)	\$ 114,782,993
Reserve Fund (as of 9-30-10)	\$ 85,999,179

TABLE 3 - SUMMARY OF PRESENT SUPPLY SOURCES

Water Supply Source	Diversion Rights of Dallas	Dependable Yield to Dallas	
		Available	Connected
Lake Grapevine	76 MGD	7 MGD	7 MGD
Lake Ray Hubbard ⁽¹⁾	80 MGD	54 MGD	54 MGD
Lake Tawakoni	170 MGD	164 MGD	164 MGD
Lake Fork ⁽²⁾	118 MGD	107 MGD	36 MGD
Elm Fork System ⁽³⁾	1037 MGD	171 MGD	171 MGD
Lake Palestine ⁽⁴⁾	102 MGD	102 MGD	0 MGD
Total	1,583 MGD	605 MGD	432 MGD

(1) In addition to the Connected Dependable Yield of Lake Ray Hubbard, Dallas has a temporary water rights permit for an additional 44 MGD. The temporary water rights permit provides for operational efficiency and expires December 31, 2011.

(2) Lake Fork was connected to the system in 2009; additional transmission capacity planned for 2012 to maximize the yield from Lake Fork and Lake Tawakoni.

(3) Elm Fork System includes Lake Lewisville, Lake Ray Roberts, and Elm Fork of the Trinity River run of the river flows.

(4) Connection to the System not anticipated to occur in 2015.

TABLE 4 - WATER PURIFICATION AND DISTRIBUTION

Water Treatment Plant	Treatment Capacity
East Side	440 MGD
Elm Fork	310 MGD
Bachman	150 MGD
Total	900 MGD

TABLE 5 - WHOLESALE TREATED WATER CUSTOMERS

Treated water is now supplied on a wholesale basis to the following cities and authorities under contracts expiring in the calendar year indicated.

Entity	Year	Entity	Year
Addison	2012	Flower Mound	2017
Carrollton	2013	Glenn Heights	2022
Cedar Hill	2014	Grand Prairie	2012
Cockrell Hill	2014	Hutchins	2012
Combine WSC	2035	Irving	2033
Coppell	2017	Lancaster	2011
Dallas County WCID 6	2015	Lewisville	2016
Dallas/Fort Worth International Airport	2015	Ovilla	2035
DeSoto	2013	Red Oak	2033
Duncanville	2014	Seagoville	2013
Ellis County WCID #1	2033	The Colony	2040
Farmers Branch	2040		

Dallas and its wholesale treated water customers negotiated and reached consensus on a thirty year memorandum of Agreement for wholesale treated water rate-setting methodology. The new Memorandum of Agreement was approved by the Dallas City Council on May 12, 2010. Wholesale rates for treated water service to all customer cities and authorities are determined per the provision of the new Memorandum Agreement.

As of August 13, 2003, the City of Red Oak, Rockett SUD and Ellis County WCID #1 entered into a contract with Dallas Water Utilities for wholesale supply of treated water. The City of Red Oak began taking water starting in spring 2009. The Contract with Rockett SUD was terminated in 2009. Ellis County WCID #1 is not yet connected to Dallas Water System. These contracts will expire in the year 2033. The contracts were approved by Dallas City Council on August 13, 2003.

In addition to a Wholesale Treated Water Contract, the Cities of Irving and Dallas adopted the Water Treatment Services Contract on January 8, 1998. This agreement allowed Irving to store 9,700 acre feet of Lake Chapman water in Lake Lewisville and for Dallas to treat Irving's water at the Elm Fork Water Treatment Plant. The effective date of the Water Treatment Services Contract and the Wholesale Treated Water Contract with Irving is June 30, 2003. Both contract terms are for thirty years.

TABLE 6 - TREATED WATER PUMPAGE (MILLION GALLONS)

<u>Fiscal Year</u>	<u>Peak Day</u>	<u>Average Day</u>	<u>Total</u>
2006	681	467	170,431
2007	575	388	141,767
2008	670	416	152,339
2009	626	406	148,015
2010	638	388	141,658

TABLE 7 - TREATED WATER CONSUMPTION BY CUSTOMER CLASS (MILLION GALLONS)

	<u>Fiscal Year Ended September 30,</u>				
	<u>2010 ⁽¹⁾</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<u>Retail</u>					
Residential	25,543	27,320	27,783	25,057	33,541
General Service	34,552	36,298	37,700	37,256	43,819
Optional General Service ⁽²⁾	5,222	4,816	5,012	5,286	5,358
<u>Total Retail</u>	<u>65,317</u>	<u>68,434</u>	<u>70,495</u>	<u>67,599</u>	<u>82,718</u>
Wholesale	54,601	57,288	53,600	53,100	66,124
<u>Total</u>	<u>119,918</u>	<u>125,722</u>	<u>124,095</u>	<u>120,699</u>	<u>148,842</u>

(1) Source: City officials

(2) Customers consistently using one million gallons or more monthly.

TABLE 8 - TEN LARGEST WHOLESALE TREATED WATER CUSTOMERS (MILLION GALLONS)

<u>Wholesale</u>	<u>Fiscal Year 2010 Water Consumption</u>	<u>Wholesale</u>	<u>Fiscal Year 2010 Water Consumption</u>
City of Carrollton	7,154	City of Lewisville	2,837
City of Grand Prairie	5,850	City of Desoto	2,626
City of Irving ⁽¹⁾	4,235	City of Cedar Hill	2,597
City of Coppell	2,933	Town of Flower Mound	2,177
City of Farmers Branch	2,878	City of Duncanville	1,970
	<u>Total</u>		<u>35,257</u>

(1) In addition to the 4,235 MG treated water provided under the treated water contract, Dallas Water Utilities also treated 11,353 MG of raw water from Irving's Lake Chapman under the Dallas Water Utilities/Irving treatment services contract.

TABLE 9 - WHOLESALE WASTEWATER CUSTOMERS

Customer Cities receiving “wholesale” wastewater services are principally as follows, with contractual terms of service now extending to calendar years indicated.

Addison (portion)	2014	Hutchins	2014
Cockrell Hill	2014	Mesquite (portion)	2036
Dallas County WCID No. 6 (Balch Springs)	2014	Richardson (portion)	2037
Duncanville (portion)	2014	Seagoville	2033
Highland Park	2014	University Park	2014
		Wilmer	2014

TABLE 10 - TREATED WASTEWATER FLOW (MILLION GALLONS)

Fiscal Year	Maximum Day Treated Effluent	Average Day Treated Effluent	Total Treated Effluent
2006	404	180	65,753
2007	420	191	74,019
2008	395	168	61,435
2009	345	159	58,000
2010	364	183	66,730

TABLE 11 - RETAIL CUSTOMER CHARGE (AS OF OCTOBER 1, 2010)

	Monthly Retail Customer Charge		
	Water	Wastewater	Combined
5/8 Inch Meter	\$ 4.18	\$ 3.95	\$ 8.13
3/4 Inch Meter	5.45	4.94	10.39
1 Inch Meter	7.90	7.16	15.06
1 1/2 Inch Meter	14.88	13.51	28.39
2 Inch Meter	23.21	21.09	44.30
3 Inch Meter	55.68	50.61	106.29
4 Inch Meter	92.80	84.33	177.13
6 Inch Meter	185.57	168.66	354.23
8 Inch Meter	310.70	282.51	593.21
10 Inch Meter or larger	475.11	430.08	905.19

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TABLE 12 - RETAIL USAGE CHARGE (AS OF OCTOBER 1, 2010)

	Monthly Retail Rate Per 1,000 Gallons	
	Water	Wastewater
<u>Residential</u>		
Up to 4,000 Gallons	\$ 1.56	4.34 ⁽¹⁾
4,001 to 10,000 Gallons	3.15	4.34 ⁽¹⁾
10,001 to 15,000 Gallons	4.33	4.34 ⁽¹⁾
Above 15,000 Gallons	5.80	4.34 ⁽¹⁾
<u>General Service</u>		
Up to 10,000 Gallons	\$ 2.14	\$ 2.85
Above 10,000 Gallons	2.61	2.85
Above 10,000 and usage 1.4x annual monthly average	3.83	2.85
Wastewater metered separately		2.88
<u>Optional General Service</u>		
1st Million Gallons or Less	\$ 1,650.21 ⁽²⁾	\$ 2.79
Above 1 Million Gallons (Per 1,000 Gallons)	2.15	2.79
Wastewater metered separately		2.88

(1) Wastewater rates for residential accounts are applied to average water consumption billed in December, January, February, and March, up to 40,000 gallons per month, or actual water consumption if lower.

(2) Fixed amount, not a volume rate.

The retail usage charge applies in addition to the customer charge shown in Table 11. The usage charge is generally stated as a rate per 1,000 gallons. Both the retail water usage charge and the retail wastewater usage charge are applied to volume of water used, except for that wastewater which is metered separately. Wastewater meters are purchased by general service customers (typically large business customers) when separate wastewater metering is advantageous to them. Retail usage charges are established for three customer classes as set forth above. For residential wastewater customers, the retail usage charge is based upon average water consumption during winter months, or actual water usage for each month if lower. Each of the rates for usage charges and for customer charges is a "prompt payment discount rate" subject to 5% additional charge if not paid when due.

TABLE 13 – WHOLESALE RETAIL CUSTOMER CHARGE (AS OF OCTOBER 1, 2010)

Wholesale rates are as follows, for each type of wholesale service;

Treated Water Service: Customers with rate-of-flow controllers: \$0.3722 per thousand gallons of water used, plus \$187,263 annually per million gallons of daily capacity reserved.

Customers without rate-of-flow controllers (or if a flat rate is provided by contract): \$1.5426 per thousand gallons of water used.

Untreated Water Service: Customers inside or outside the City: \$0.4768 per thousand gallons of water used (\$0.2277 for interruptible service).

Wastewater Service... \$2.0005 per thousand gallons of wastewater discharged. A surcharge is applied for wastewater of excessive strength.

DALLAS-FORT WORTH INTERNATIONAL AIRPORT BOARD

The Dallas-Fort Worth International Airport Board is a Contracting Party in the Regional Wastewater System.

The Board

The Dallas-Fort Worth Airport is operated by a Board on behalf of the Cities of Dallas and Fort Worth (the "Cities"). The Board is authorized to plan, acquire, establish, develop, construct, maintain, equip, operate, lease, regulate and police the Airport and is charged with the responsibility of exercising these powers on behalf of the Cities.

The Board consists of 12 members, 7 from the City of Dallas and 4 from the City of Fort Worth, appointed by the respective City Councils of the Cities. In addition, the Board has one non-voting member who is selected by the Cities of Coppell, Euless, Grapevine and Irving, Texas, respectively, on a rotating basis. Members of the Board serve without compensation.

Rate Covenant

The Cities have covenanted that the Board will fix and place into effect, directly or through leases, contracts or agreements with users of the Airport, a schedule of rentals, rates, fees and charges for the use, operation and occupancy of the Airport premises and Facilities and related services (the "Airport Rates"), that is reasonably estimated to produce the amounts set forth in the following two paragraphs (the "Rate Covenant"). From time to time and as often as it appears necessary, the authorized officers of the Board will make recommendations to the Board as to the revision of the Airport Rates. Upon receiving such recommendations, the Board will revise, insofar as it may legally do so, the Airport Rates for the use, operation and occupancy of the Airport, its Facilities, and related services in order to continually fulfill the requirements set forth in the Controlling Ordinances. This rate covenant is not to be construed to require adjustment or revision in long-term agreements which by their terms are not subject to adjustment or revision.

The Controlling Ordinances obligate the Board to set Airport Rates to levels at least sufficient to produce in each Fiscal Year Gross Revenues sufficient to pay (i) the Operation and Maintenance Expenses, plus (ii) 1.25 times the amount of Accrued Aggregate Debt Service, as adjusted by taking into consideration certain investment earnings, accruing during each Fiscal Year, respectively, plus (iii) an amount equal to the amounts required to pay any other obligations payable from Gross Revenues of the Airport, including Subordinate Lien Obligations and Net Revenue Obligations, but excluding Special Revenue Bonds and Special Facility Bonds, and plus (iv) any additional amounts required by the terms of an Additional Supplemental Ordinance.

Additionally, the Controlling Ordinances obligate the Board to set Airport Rates to levels at least sufficient to produce in each Fiscal Year Current Gross Revenues sufficient to pay the amounts provided in clauses (i), (iii) and (iv) of the paragraph immediately above, plus 1.00 times the amount of Accrued Aggregate Debt Service accruing during each Fiscal Year, respectively.

The Board will cause all rentals, fees, rates and charges pertaining to the Airport to be collected when and as due, will prescribe and enforce rules and regulations for the payment thereof and for the consequences of nonpayment for the rental, use, operation and occupancy of and services by the Airport, and will provide methods of collection and penalties to the end that the Gross Revenues and the Current Gross Revenues will be adequate to meet these respective requirements.

In addition to the rate covenant contained in the Controlling Ordinances which are described above, the Airport Facility Financing Agreement dated as of April 1, 2001 (the "Financing Agreement"), between the Board and the Dallas/Fort Worth International Airport Public Facility Improvement Corporation (the "PFIC"), prepared in connection with the issuance of the PFIC's Airport Hotel Revenue Bonds, Series 2001 (the "Hotel Bonds"), contains a further rate covenant. Specifically, the Board agrees that, should the Thirtieth Supplement ever be repealed or amended in a manner that would modify the method of providing money into the DFW Capital Account of the Capital Improvements Fund, as the DFW Capital Account existed on the date of the Financing Agreement, it will maintain in effect contracts and agreements and/or schedules of rates, fees and charges for the uses of the Airport that are reasonably estimated to produce Gross Revenues from the uses of the Airport in an annual aggregate amount that are sufficient (i) to pay all reasonable and necessary operating expenses of the Airport, (ii) to pay annual debt service on all outstanding securities and other obligations relating to the Airport that are required to be repaid from

revenues, other than from Special Revenues, and (iii) to deposit annually to the DFW Capital Account or a similar substitute fund or account an amount that is free and clear of all liens created in favor of any such securities or borrowed money and that is not less than any amounts required pursuant to the Financing Agreement to be paid by the Board to support payment of the Hotel Bonds. Also, the Board has covenanted in the Financing Agreement that it will not amend the existing Use Agreements or enter into any new or substitute agreement with the Signatory Airlines the effect of which is to change the currently existing formula or method of allocating moneys on deposit in the Capital Improvements Fund between the Board and the Signatory Airlines that diminishes the Board's share of such funds.

The Board's obligations and covenants contained in the Financing Agreement remain in force only so long as the Hotel Bonds remain outstanding, which mature January 15, 2031.

Airline Use Agreement

Effective October 1, 2010, the Airport and Certain Airlines entered a new Use Agreement. The Use Agreement expires September 30, 2020.

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CITY OF DUNCANVILLE, TEXAS

TABLE 1 - WATERWORKS AND SEWER SYSTEM CONDENSED STATEMENT OF OPERATIONS

	Fiscal Year Ended September 30,				
	2010	2009	2008	2007	2006
Revenues					
Water Sales	\$ 6,030,170	\$ 6,141,467	\$ 6,562,111	\$ 5,458,513	\$ 7,238,922
Sewer Services	4,775,447	4,819,134	4,797,385	4,571,614	4,594,966
Investment Income	18,168	36,962	136,454	264,421	258,964
Service Fees and Miscellaneous	309,241	234,113	690,672	735,171	417,443
Total Revenues	\$ 11,133,026	\$ 11,231,676	\$ 12,186,622	\$ 11,029,719	\$ 12,510,295
Expenses					
Water Services	\$ 3,973,073	\$ 3,949,899	\$ 4,027,089	\$ 3,955,878	\$ 4,274,280
Wastewater Treatment	4,224,424	3,076,415	4,852,065	3,728,710	3,387,754
Administration and Fiscal	1,151,122	1,142,836	1,100,227	1,191,859	1,122,114
Total Expenses	\$ 9,348,619	\$ 8,169,150	\$ 9,979,381	\$ 8,876,447	\$ 8,784,148
Net Available for Debt Service	\$ 1,784,407	\$ 3,062,526	\$ 2,207,241	\$ 2,153,272	\$ 3,726,147
Water Customers	12,254	12,262	12,242	12,202	12,115
Sewer Customers	11,045	11,048	11,033	10,795	10,874

TABLE 2 - DEBT COVERAGE AND FUND BALANCES

As of September 30, 2010, the City has no outstanding Waterworks and Sewer System Revenue Debt.

TABLE 3 - AUTHORIZED BUT UNISSUED BONDS

Election Date	Purpose	Amount		
		Authorized	Issued to Date	Unissued ⁽¹⁾
6/26/65	Water	\$ 1,160,000	\$ 964,000	\$ 196,000
6/26/65	Sewer Impr	935,000	341,000	594,000
11/20/71	Sewer Impr	1,071,000	868,000	203,000
Total		\$ 3,166,000	\$ 2,173,000	\$ 993,000

(1) It is unlikely that bonds authorized for Water and Sewer improvements will be issued due to the age of the authorizations and the utilization of revenue bonds for these improvements. The City has received advice from Bond Counsel that bonds authorized November 20, 1971 for the City Hall and Police Station Building not be issued due to a change in circumstances under which the authorization was voted.

TABLE 4 - HISTORICAL WATER CONSUMPTION (IN 000'S OF GALLONS)

Fiscal Year Ended 30-Sep	Average Daily Usage in Gallons	Peak Daily Usage in Gallons	Total Water Treated and Purchased
2006	6,000	10,233	1,965,490
2007	4,613	7,669	1,683,823
2008	5,428	9,691	1,981,207
2009	4,890	8,719	1,784,846
2010	4,729	8,520	1,726,380

TABLE 5 - TOP TEN CUSTOMERS

Customer	Water Usage Gallons	Water Revenue
Duncanville ISD	27,222,080	\$ 153,229
Wimberly Park Apartments	32,447,025	130,082
Pioneer Bakery	26,909,000	106,011
Fairmeadows Apartments	14,005,000	58,075
Vista Ridge Apartments	14,001,000	58,070
Main Park Apartments	11,300,000	43,180
Center Ridge Apartments	17,405,000	68,150
Irvin Rose Co. (Westwood Townhomes)	10,708,000	42,300
La Mexicana Tortilla Factory Inc.	14,780,000	59,800
Candlelight Park Apartments	9,120,000	36,780
Total	<u>177,897,105</u>	<u>\$ 755,677</u>

TABLE 6 - WATER RATES (EFFECTIVE OCTOBER 1, 2010)**Residential** ⁽¹⁾

\$7.00 First 1000 Gallons (minimum charge).
 \$2.81 per 2,000 to 7,000 gallons usage
 \$3.63 per 8,000 to 15,000 gallons usage
 \$4.47 per 16,000 to 30,000 gallons usage
 \$5.30 per 31,000 and above gallons usage

Irrigation

\$7.00 First 1000 Gallons (minimum charge).
 \$2.88 per 2,000 to 7,000 gallons usage
 \$3.73 per 8,000 to 15,000 gallons usage
 \$4.57 per 16,000 to 30,000 gallons usage
 \$5.40 per 31,000 and above gallons usage

Apartments & Multi Family

\$7.00 First 1000 Gallons (minimum charge)
 \$2.53 per 2,000 to 7,000 gallons usage
 \$3.30 per 8,000 to 15,000 gallons usage
 \$4.07 per 16,000 to 30,000 gallons usage
 \$4.07 per 31,000 and above gallons usage

Commercial

\$7.00 First 1000 Gallons (minimum charge).
 \$2.53 per 2,000 to 7,000 gallons usage
 \$3.30 per 8,000 to 15,000 gallons usage
 \$4.07 per 16,000 to 30,000 gallons usage
 \$4.07 per 31,000 and above gallons usage

Schools

\$7.00 First 1000 Gallons (minimum charge).
 \$4.10 per 2,000 to 7,000 gallons usage
 \$4.85 per 8,000 to 15,000 gallons usage
 \$5.60 per 16,000 to 30,000 gallons usage
 \$6.35 per 31,000 and above gallons usage

Municipal

\$7.00 First 1000 Gallons (minimum charge).
 \$4.85 per 2,000 to 7,000 gallons usage
 \$5.60 per 8,000 to 15,000 gallons usage
 \$6.35 per 16,000 to 30,000 gallons usage
 \$7.10 per 31,000 and above gallons usage

(1) Residential rates are determined by meter readings / consumption based on billing for January, February, and March.

TABLE 7 - MONTHLY SEWER RATES (EFFECTIVE OCTOBER 1, 2010)

<u>User Class</u>	<u>Monthly Charge</u>	
	<u>Fixed Rate</u>	<u>Variable Rate</u>
Residential ⁽¹⁾	\$9.02	\$3.85/1000 gallons (Max 20,000 gallons)
Multi-Family	\$4.25/Unit	\$4.33/1000 gallons@90%
Commercial	\$4.25/Connection	\$4.33/1000 gallons@85%
Schools	\$4.25/Connection	\$4.33/1000 gallons@85%
Municipal	\$4.25/Connection	\$4.33/1000 gallons@85%

(1) Residential rates are determined by meter readings / consumption based on billing for January, February, and March.

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CITY OF EULESS, TEXAS

TABLE 1 - WATERWORKS AND SEWER SYSTEM CONDENSED STATEMENT OF OPERATIONS

Revenues	Fiscal Year Ended September 30,				
	2010	2009	2008	2007	2006
Water Service	\$ 9,902,096	\$ 9,436,938	\$ 9,370,628	\$ 8,107,488	\$ 9,982,157
Sewer Service	5,797,861	5,629,893	5,301,281	4,699,550	5,116,248
Service Fees & Miscellaneous	1,544,374	1,091,108	1,177,300	923,429	967,409
Interest Income	73,372	196,817	517,628	728,521	602,244
Total Revenues	\$ 17,317,703	\$ 16,354,756	\$ 16,366,837	\$ 14,458,988	\$ 16,668,058
Expenses					
General and Administrative	\$ 465,155	\$ 505,069	\$ 510,611	\$ 414,701	\$ 387,609
Water Production	5,926,175	4,870,012	6,083,364	5,463,012	5,580,763
Water Distribution	647,984	647,655	663,526	677,820	579,639
Utility Engineering	428,458	737,881	743,831	435,895	500,342
Sewage Collection and Treatment	2,637,557	2,616,591	2,266,323	2,307,430	2,075,991
Nondepartmental	3,103,815	2,876,407	2,900,348	2,967,253	2,990,632
Geographic Information	428,913	426,245	406,966	387,255	336,998
Service Center	1,161,822	1,042,733	1,147,675	1,015,389	1,033,981
Total Expenses	\$ 14,799,879	\$ 13,722,593	\$ 14,722,644	\$ 13,668,755	\$ 13,485,955
Net Available for Debt Service	\$ 2,517,824	\$ 2,632,163	\$ 1,644,193	\$ 790,233	\$ 3,182,103
Water Customers	25,062	24,677	24,717	24,547	24,486
Sewer Customers	24,489	24,211	24,096	24,047	24,042

TABLE 2 - DEBT COVERAGE AND FUND BALANCES

Net Available for Debt Service, 9/30/10	\$ 2,517,824
Average Annual Principal and Interest Requirements, 2011 - 2024.....	\$ 358,575
Coverage of Average Annual Requirements by 9/30/10 Net Available for Debt Service.....	7.02x
Maximum Principal and Interest Requirements, 2020.....	\$ 441,782
Coverage of Maximum Annual Requirements by 9/30/10 Net Available for Debt Service.....	5.70x
Waterworks and Sewer System Revenue Bonds Outstanding, 9/30/10	\$ 3,850,000
Interest and Sinking Fund, 9/30/10.....	\$ 79,765
Reserve Fund, 9/30/10.....	\$ 358,575

TABLE 3 - AUTHORIZED BUT UNISSUED REVENUE BONDS

Date Authorized	Purpose	Amount Authorized	Issued To Date	Unissued
1/17/1970	Water	\$ 4,000,000	\$ 3,500,000	\$ 500,000
1/17/1970	Sewer Improvements	1,000,000	300,000	700,000
Total		<u>\$ 5,000,000</u>	<u>\$ 3,800,000</u>	<u>\$ 1,200,000 *</u>

* The City has no intent to issue these bonds. Due to the age of the authorization, The City can issue Water and Sewer Revenue Bonds at any time without voted authorization.

TABLE 4 - HISTORICAL WATER USE

Fiscal Year Ended	Daily Average	Peak Day	Total Water Consumption (000's)	Water Revenue	Well Production (000's)	Trinity River Authority (000's)
2006	9.10 MGD	14.65 MGD	3,320,640	\$ 9,982,157	372,695	2,947,945
2007	7.17 MGD	13.33 MGD	2,617,360	8,107,488	414,934	2,202,426
2008	7.23 MGD	14.87 MGD	2,640,522	9,370,628	348,548	2,291,974
2009	7.36 MGD	15.23 MGD	2,685,826	9,502,635	730,291	1,955,535
2010	7.14 MGD	14.72 MGD	2,607,914	9,902,096	579,154	2,028,760

TABLE 5 - MONTHLY WATER RATES (EFFECTIVE OCTOBER 1, 2010)

Water Service		
Gallons of Water	Residential Per 1,000/gal	Sprinkler per 1,000/gal
0-2,000	\$2.27	\$3.52
3,000 - 8,000	\$3.20	\$3.52
9,000 - 15,000	\$3.75	\$3.75
16,000 - 35,000	\$4.10	\$4.10
Over 35,000	\$4.66	\$4.66
Commercial, Industrial, Multi-Family	\$3.52	
Irrigation	\$6.00	

Water Service Meter Charge

Meter Size (Inches)	Monthly Base Charge
5/8" - 3/4" *	\$7.95
1"	\$9.29
1 1/2"	\$13.02
2"	\$21.57
3"	\$43.58
4"	\$77.35
5"	\$121.97
6"	\$174.03

*all Residential (Including Multi Family) accounts shall be charged for a 5/8" Meter.

TABLE 6 - MONTHLY SEWER RATES (EFFECTIVE OCTOBER 1, 2010)

Sewer Rates (Effective October 1, 2010)

Inside City	Outside City
\$6.75 + \$2.66 per 1,000 Gallons of 90% of metered water for residential, 100% of metered water for commercial and industrial.	\$11.25 + \$2.66 per 1,000 gallons of 90% of metered water for residential, 100% of metered water for commercial and industrial.

CITY OF FARMERS BRANCH, TEXAS

TABLE 1 - WATERWORKS AND SEWER SYSTEM CONDENSED STATEMENT OF OPERATIONS

	Fiscal Year Ended September 30,				
	2010	2009	2008	2007	2006
Revenues:	<u>\$13,431,136</u>	<u>\$14,436,773</u>	<u>\$13,969,800</u>	<u>\$12,731,252</u>	<u>\$15,771,732</u>
Expenses:					
Water Purchased	\$4,593,133	\$4,487,328	\$4,230,694	\$4,215,899	\$4,356,520
Sewage Disposal Contract	2,068,099	1,872,221	2,169,091	2,205,728	1,787,319
Other	3,834,601	3,620,310	3,071,397	2,791,115	2,708,168
Total	<u>\$ 10,495,833</u>	<u>\$ 9,979,859</u>	<u>\$ 9,471,182</u>	<u>\$ 9,212,742</u>	<u>\$ 8,852,007</u>
 Net Available for Debt Service	 \$2,935,303	 \$4,456,914	 \$4,498,618	 \$3,518,510	 \$6,919,725
 Water Customers	 9,471	 9,428	 9,441	 9,472	 9,490

As of September 30, 2010, the City has no Water and Sewer revenue debt outstanding.

TABLE 2 - TOP TEN WATER CUSTOMERS ⁽¹⁾

<u>Customer</u>	2010 <u>Consumption Gallons</u>	<u>% of Total Consumption</u>	2010 <u>Revenues</u>
Maxim Integrated Products, Inc.	70,930,000	2.5%	\$280,663
Lakeview at Parkside	41,896,000	1.5%	196,514
TCI Park West	38,894,000	1.4%	155,463
Dallas Co Vommunity College	26,519,000	0.9%	112,564
Ventana at Valwood	26,318,000	0.9%	114,421
Villas De Campesinos	23,553,000	0.8%	89,546
Daltex	23,284,000	0.8%	113,632
Cooks Creek Apartments	22,161,000	0.8%	104,461
Brookhaven Country Club	20,488,000	0.7%	81,959
Omni Dallas Hotel	20,188,000	0.7%	82,909

(1) Source: City of Farmers Branch Finance Department

TABLE 3 - MONTHLY WATER AND SEWER RATES (EFFECTIVE OCTOBER 1, 2008)

<u>Water Rates</u>		<u>Sewer Rates</u>	
0 – 2,000	\$11.69 (Minimum)	0 – 2,000	12.22
2,001 – 10,000	\$3.17	2,001 – 10,000	\$1.66
10,001 – 20,000	\$3.57	Over 10,001	No additional charge for private residents
All Over 20,000	\$3.71	Commercial	\$1.66
		(All Over 2,001)	
Rates Per 1,000 Gallons		Rate Per 1,000 Gallons	

TABLE 4 - OVERSIZED METER CHARGES (EFFECTIVE OCTOBER 1, 2008)

Meter Size	Meter Charge
1"	\$ 4.68
1 ½"	9.37
2"	22.21
3"	116.94
4"	152.04
6"	233.88
8"	327.44

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CITY OF FORT WORTH, TEXAS

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

	Fiscal Year Ended September 30,				
	2010	2009	2008	2007	2006
Revenues					
Charges for Services	\$ 304,831	\$ 303,111	\$ 298,118	\$ 257,989	\$ 293,792
Other Operating Revenue	117	62	31	384	20
Interest on Investments	3,340	6,675	14,296	12,070	8,455
Miscellaneous Revenue	13,078	276	943	5,820	877
Total Revenues	\$ 321,366	\$ 310,124	\$ 313,388	\$ 276,263	\$ 303,144
Expenses					
Personal Services	\$ 66,768	\$ 64,806	\$ 60,877	\$ 49,769	\$ 44,490
Supplies and Materials	19,143	20,201	19,529	17,272	16,366
Contractual Services	103,418	98,304	89,663	84,941	91,084
Total Expenses	\$ 189,329	\$ 183,311	\$ 170,069	\$ 151,982	\$ 151,940
Net Available for Debt Service	\$ 132,037	\$ 126,813	\$ 143,319	\$ 124,281	\$ 151,204
Water Accounts	220,652	229,288	217,566	212,213	206,206
Sewer Accounts	211,883	220,309	208,408	203,549	197,617

TABLE 2 - COVERAGE AND FUND BALANCES

Average Annual Principal and Interest Requirements, 2011 - 2030 ⁽¹⁾	\$ 51,849,127
Coverage of Average Annual Requirements by 9/30/10 Net Available for Debt Service	2.55x
Maximum Principal and Interest Requirements, 2011 ⁽¹⁾	\$ 89,168,385
Coverage of Maximum Requirements by 9/30/10 Net Available for Debt Service	1.48x
Water and Sewer System Revenue Bonds Outstanding, 9/30/10 ⁽¹⁾	\$ 801,630,000
Prior Lien Bonds	
Interest and Sinking Fund, 9/30/10 ⁽²⁾	\$ 26,838,307
Reserve Fund Balance, 9/30/10	\$ 748,750 ⁽³⁾
Subordinate Lien Bonds	
Interest and Sinking Fund, 9/30/10 ⁽²⁾	\$ 6,597,788
Reserve Fund Balance, 9/30/10	\$ - ⁽⁴⁾

- (1) Includes all Outstanding Prior Lien Obligations and the Subordinate Lien Bonds.
(2) Figures furnished by City staff. Shown on a cash basis, excluding accruals.
(3) Required Reserve Amount funded with Ambac, FSA Surety Policy and Cash. Amount shown is cash balance.
(4) Required Reserve Amount funded with Ambac, CIFG Syncora and FSA Surety Policies.

TABLE 3 - AUTHORIZED BUT UNISSUED REVENUE BONDS ⁽¹⁾

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

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

TABLE 4 - HISTORICAL WATER CONSUMPTION DATA (INSIDE CITY LIMITS) ⁽¹⁾

<u>Fiscal Year Ending 9/30</u>	<u>Meters in Service</u>	<u>Total Water Pumped, M.G.</u>	<u>Average Pumped Daily, M.G.D.</u>	<u>Maximum Day's Pumpage, M.G.D.</u>	<u>Average GPD Per Meter</u>	<u>Ratio</u>
						<u>Maximum Day to Average Day</u>
2006	196,257	53,191.1	145.7	289.10	743	1.98x
2007	218,422	46,084.4	126.3	225.70	578	1.79x
2008	230,817	45,326.0	124.2	277.14	538	2.23x
2009 ⁽²⁾	233,801	44,167.0	121.0	265.80	501	2.20x
2010	234,863	40,312.0	110.4	252.60	470	2.29x

(1) Source: City's Water Department.

(2) Restated.

TABLE 5 - TEN LARGEST WATER CUSTOMERS (BASED ON GALLONS CONSUMED) ⁽¹⁾

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

(1) Source: City's Water Department.

TABLE 6 - ALL WATER SOLD BY CATEGORY (MILLION GALLONS, BY FISCAL YEAR) ⁽¹⁾

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

(1) Source: City's Water Department.

TABLE 7 - TREATED WATER PUMPED (MILLION GALLONS) ⁽¹⁾

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

(1) Source: City's Water Department.

TABLE 8 - MONTHLY WATER RATES (EFFECTIVE JANUARY 1, 2011)

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

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

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

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

TABLE 9 - MONTHLY WATER RATES (VOLUME CHARGE ONLY) (EFFECTIVE JANUARY 1, 2011)

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

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

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

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

Raw Water Service
(Effective January 1, 2011)

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

TABLE 10 - RATES FOR WHOLESALE WATER CONTRACTS

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

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

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

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

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

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

	Inside District	Outside District
Total Volume Charge per 1,000 gallons	\$ 1.5413	\$ 1.5708
Max Day (In excess of average day)	\$ 122,742	\$ 122,742
Max Hour (In excess of max day)	\$ 28,691	\$ 28,691
Customer Billing (Per meter)	\$ 25	\$ 25

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

TABLE 11 - STATUS OF CONTRACTS

Wholesale Customer	Contract Expiration Date		Wholesale Customer	Contract Expiration Date	
	Water ⁽¹⁾	Wastewater		Water ⁽¹⁾	Wastewater
Aledo	12/31/2010	⁽²⁾	Northlake	12/31/2010	⁽²⁾
Benbrook	12/31/2010	5/14/2017	North Richland Hills	12/31/2010	5/8/2017
Bethesda Water Supply	12/31/2010	4/30/2017	Pantego	⁽³⁾	5/8/2017
Blue Mound	⁽³⁾	6/2/2017	Richland Hills	12/31/2010	5/8/2017
Burleson	12/31/2010	5/8/2017	River Oaks	⁽³⁾	5/8/2017
Crowley	12/31/2010	5/8/2017	Roanoke	12/31/2010	⁽²⁾
DFW Airport	12/31/2010	⁽²⁾	Saginaw	12/31/2010	5/14/2017
Dalworthington Gardens	12/31/2010	⁽²⁾	Sansom Park	12/31/2010	5/8/2017
Edgecliffe Village	12/31/2010	5/8/2017	Southlake	12/31/2010	⁽²⁾
Everman	12/31/2010	5/8/2017	Trinity River Authority	⁽³⁾	12/21/2017
Forest Hill	12/31/2010	5/8/2017	Trinity River Authority (Mosier Valley)	12/31/2010	⁽²⁾
Grand Prairie	12/31/2010	⁽²⁾	Trophy Club Municipal Utility District 1	12/31/2010	⁽²⁾
Haltom City	12/31/2010	5/8/2017	Watauga	12/31/2010	10/28/2013
Haslet	12/31/2010	⁽²⁾	Westlake	12/31/2010	⁽²⁾
Hurst	12/31/2010	5/8/2017	Westover Hills	12/31/2010	10/1/2017
Keller	12/31/2010	⁽²⁾	Westworth Village	12/31/2010	5/8/2017
Kennedale/D. Strickland	12/31/2010	9/30/2017	White Settlement	12/31/2010	5/12/2017
Lake Worth	12/31/2010	5/8/2017			

- (1) All Water Wholesale Customer Contracts are currently under negotiations with the City of Fort Worth.
 - (2) The City of Fort Worth Does not treat Wastewater from this Entity
 - (3) The City of Fort Worth Does not supply Water to this Entity
- Fort Worth and wholesale city councils were able to approve water contracts by December 2010.
Fort Worth was able to mail out all the approved contracts to the future customers in December 2010.

TABLE 12 - TEN LARGEST WASTEWATER CUSTOMERS ⁽¹⁾

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

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

TABLE 13 - WASTEWATER SALES BY CATEGORY CLASS FROM FISCAL YEAR 2010 BILLING RECORDS

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

TABLE 14 - WASTEWATER RETAIL SERVICE RATES (EFFECTIVE JANUARY 1, 2011)

Rates for Sewerage Service Only ⁽¹⁾

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

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

(1) Monthly service charge for Sewerage Service only.

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

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

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

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

TABLE 15 - WASTEWATER WHOLESALE SERVICE RATES (EFFECTIVE JANUARY 1, 2011)

<u>Rates for Wholesale Wastewater Contracts ⁽¹⁾</u>	
Volume (\$/1,000 gallons)	\$0.8679
BOD (\$/pound)	\$0.3187
Total Suspended Solids (\$/pound)	\$0.2224
Customer (\$/month)	\$75.00

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

CITY OF GRAND PRAIRIE, TEXAS

TABLE 1 - WATERWORKS AND SEWER SYSTEM CONDENSED STATEMENT OF OPERATIONS

	Fiscal Year Ended September 30,				
	2010	2009	2008	2007	2006
Revenues ⁽¹⁾					
Sales to Customers	\$ 27,286,204	\$ 27,499,827	\$ 24,727,528	\$ 21,870,559	\$ 25,037,377
Wastewater Charges to Customers	17,212,075	16,464,165	15,385,150	14,693,772	14,105,857
Water Surcharge/Monitoring	601,095	594,851	589,489	556,724	640,335
Impact Fees	1,174,693	1,073,689	2,250,784	3,825,610	2,045,256
Other	1,670,055	2,902,368	4,683,852	5,999,761	4,024,613
Total Revenues	\$ 47,944,122	\$ 48,534,900	\$ 47,636,803	\$ 46,946,426	\$ 45,853,438
Expenses ⁽²⁾					
Salaries & Personnel Benefits	\$ 5,924,300	\$ 5,810,814	\$ 5,741,064	\$ 5,209,578	\$ 4,753,053
Professional Services	4,423,934	3,748,373	4,451,387	3,431,158	4,651,788
Franchise Fees	1,770,765	1,784,329	1,594,601	1,411,067	1,604,168
Water Purchase	10,209,116	10,456,160	9,214,660	9,218,766	9,260,747
Wastewater Treatment	9,576,287	8,260,418	8,359,440	7,524,675	7,444,990
Other ⁽³⁾	4,136,047	3,696,714	2,593,240	2,521,005	2,704,795
Total Expenses	\$ 36,040,449	\$ 33,756,808	\$ 31,954,392	\$ 29,316,249	\$ 30,419,541
Available for Debt Service	\$ 11,903,673	\$ 14,778,092	\$ 15,682,411	\$ 17,630,177	\$ 15,433,897

(1) Includes operating and non-operating revenue.

(2) Excludes depreciation and debt service expense.

(3) Includes payments with respect to TRA Water Contract Bonds secured by surplus revenues and; if needed, by an ad valorem tax.

TABLE 2 - COVERAGE AND FUND BALANCES

Average Annual Principal and Interest Requirements, all Water and Wastewater System Revenue Bonds, Fiscal Year Ended 9/30/2010	\$ 4,534,360
Coverage of Average Annual Requirements based on 9/30/2010 Revenue Available for Debt Service	2.63x
Total Principal and Interest Requirements of all debt obligations paid from Water and Wastewater Treatment Fund (Water and Wastewater System Revenue Bond, Contract and Tax Obligations issued for System Improvements), Fiscal Year Ended 9/30/2010	\$ 6,655,024
Coverage of Total Requirements based on 9/30/2010 Revenue Available for Debt Service	1.79x

TABLE 3 - AUTHORIZED BUT UNISSUED REVENUE BONDS

As of September 30, 2010, the City has no authorized revenue bonds.

TABLE 4 - DALLAS WATER UTILITIES

Year Ended 9/30	Dallas Water Utilities		City of Ft. Worth Volume Charges	Total Cost of Water Purchased
	Volume Charges	Demand Charges		
2006	\$ 2,840,265	\$ 5,378,568	\$ 1,041,913	\$ 9,260,746
2007	2,407,021	5,681,405	1,130,340	9,218,766
2008	2,785,551	5,458,801	1,063,445	9,307,797
2009	3,119,852	5,904,883	1,431,425	10,456,160
2010	2,883,426	6,090,162	1,235,527	10,209,115

TABLE 5 - WATER AND WASTEWATER RATES (EFFECTIVE OCTOBER 1, 2010) ⁽¹⁾

Water Rates (Per 1,000 Gallons)	Previous (10/1/2009)	Present (10/1/2010)
Classification		
Residential		
Per 1,000 gallons, total usage 3,000 gallons or less	\$ 1.00	\$ 0.12
Per 1,000 gallons, total usage more than 3,000 gallons, and up and including 20,000 gallons	2.80	2.93
Per 1,000 gallons, all quantities over 20,000 gallons	4.86	5.03
Commercial	2.70	2.94
Industrial	2.70	2.94
Governmental	2.50	2.64
Fire Hydrant	5.35	5.81
Minimum Monthly Charge (Based on Meter Size):		
5/8" or 3/4"	\$ 8.26	\$ 10.26
1"	10.62	13.19
1 1/4"	12.71	15.79
1 1/2"	13.79	17.13
2"	21.82	27.10
3"	67.67	84.05
4"	83.90	104.21
6"	125.77	156.22
8"	175.05	217.43
10"	182.63	226.85
12"	192.17	238.70
Wastewater Rates (Per 1,000 Gallons)		
Classification		
Residential	\$ 2.81	\$ 2.87
Commercial	3.35	3.48
Industrial	3.35	3.48
Governmental	3.00	3.07
Wastewater Minimum charges based on meter size		
5/8" or 3/4"	\$ 7.35	\$ 9.35
1"	7.96	10.13
1 1/4"	9.28	11.81
1 1/2"	9.68	12.31
2"	11.09	14.11
3"	16.42	20.89
4"	21.78	27.71
6"	33.81	43.01
8"	47.84	60.86
10"	61.24	77.90
12"	68.62	87.29

(1) Source: City Staff.

TABLE 6 - AVERAGE DAILY WATER USAGE (GALLONS)

Year Ended 9/30	Average Daily Usage	Maximum Day's Use	Total Pumped In
2006	27,042,651	48,148,912	9,870,567,600
2007	24,265,000	39,724,685	8,856,943,000
2008	25,635,000	44,151,814	9,356,809,823
2009	25,450,905	43,362,871	9,289,580,390
2010	22,893,436	40,412,439	8,356,104,040

TABLE 7 - AVERAGE DAILY WASTEWATER FLOW

Fiscal Year Ended 9/30	Average Daily Flow
2006	15,418,200
2007	15,787,038
2008	14,176,500
2009	15,090,031
2010	15,184,720

TABLE 8 - WASTEWATER TREATMENT

Fiscal Year Ended 9/30	Operation and Maintenance	Wastewater Treatment Debt		Joe Pool Intake	Joe Pool Corp of Engineers	Total
		Service	Subtotal			
2006	\$ 3,221,410	\$ 4,177,739	\$ 7,399,149	\$ 44,249	\$ 380,806	\$ 7,824,204
2007	3,150,985	4,214,287	7,365,272	13,782	271,575	7,650,629
2008	3,628,734	4,009,898	7,638,632	6,810	366,430	8,011,872
2009	3,687,602	4,849,504	8,537,106	6,450	370,440	8,913,996
2010	3,803,188	5,678,184	9,487,372	24,000	395,860	9,907,232

TABLE 9 - TEN LARGEST WATER AND WASTEWATER CUSTOMERS

Customers	Fiscal Year Ended September 30, 2010			
	Total Consumption ⁽¹⁾	Amount Billed		
		Billed	Water	Wastewater
Bell Helicopter	92,711	\$ 502,007	\$ 252,734	\$ 249,273
North Texas Healthcare Laundry	59,994	321,718	162,515	159,203
Apple Residential Investment	56,140	419,983	287,886	132,097
Lockheed-Martin	48,700	273,307	135,232	138,075
Poly America	41,080	212,558	113,753	98,805
KMB Produce	35,374	187,831	96,715	91,116
Lone Star Park at Grand Prairie	30,631	179,661	94,034	85,627
Manor Redevelopment	29,437	241,176	151,612	89,564
Mountain Creek	28,985	243,350	157,108	86,242
Amerisouth VI LTD	27,869	228,593	153,038	75,555
Totals	450,921	\$ 2,810,184	\$ 1,604,627	\$ 1,205,557

(1) In 1,000 Gallons.

CITY OF GRAPEVINE, TEXAS

TABLE 1 - WATERWORKS AND SEWER SYSTEM CONDENSED STATEMENT OF OPERATIONS

	Fiscal Year Ended September 30,				
	2010	2009	2008	2007	2006
Revenues:					
Charges for Services	\$ 18,228,000	\$ 17,950,381	\$ 18,893,000	\$ 17,689,000	\$ 20,348,000
Operating Expenses: ⁽¹⁾					
Salaries and Benefits	\$ 2,855,000	\$ 2,795,000	\$ 2,512,000	\$ 2,290,000	\$ 2,031,000
Maintenance, Repairs and Supplies	8,818,000	8,427,000	8,919,000	7,379,000	7,449,000
General and Administrative	2,386,000	2,877,000	2,857,000	2,753,000	2,156,000
Total Operating Expenses	<u>\$ 14,059,000</u>	<u>\$ 14,099,000</u>	<u>\$ 14,288,000</u>	<u>\$ 12,422,000</u>	<u>\$ 11,636,000</u>
Net Revenue from Operations	\$ 4,169,000	\$ 3,851,381	\$ 4,605,000	\$ 5,267,000	\$ 8,712,000
Investment Income	82,000	398,000	1,036,000	1,422,474	1,024,000
Impact Fee - Balance	6,396,000	6,329,666	6,128,145	5,668,837	2,342,000
Other Net	281,000	545,000	163,000	611,000	394,000
Net Available for Debt Service	<u>\$ 10,928,000</u>	<u>\$ 11,124,047</u>	<u>\$ 11,932,145</u>	<u>\$ 12,969,311</u>	<u>\$ 12,472,000</u>
Average Annual Debt	\$ 351,378	\$ 351,378	\$ 1,119,023	\$ 1,204,502	\$ 1,998,457
Average Annual Debt Coverage	31.10x	31.66x	10.66x	10.77x	6.24x
Average Annual Debt Coverage without Impact Fees	12.90x	13.64x	5.19x	6.06x	5.07x
Water Customers	14,343	14,314	13,995	13,965	13,803
Wastewater Customers	13,130	13,107	12,946	12,866	12,858

(1) Excludes depreciation and amortization.

TABLE 2 - COVERAGE AND FUND BALANCES

Average Annual Principal and Interest Requirements, 2011-2015	\$ 351,378
Coverage of Average Requirements by 9/30/10 Net Available	31.10 x
Maximum Principal and Interest Requirements, 2010	\$ 616,858
Coverage of Maximum Requirements by 9/30/10 Net Available	17.72 x
Waterworks and Sewer System Revenue Bonds Outstanding as of 2/1/11	\$ 1,585,000
Interest and Sinking Fund, 9/30/10 ⁽¹⁾	\$ 51,405
Reserve Fund, 9/30/10 ⁽¹⁾	\$ 351,377

(1) Amounts are cash balance in accounts.

TABLE 3 - WATER USAGE

Fiscal Year	Peak Day Usage	Average Day Usage	Total Usage ⁽¹⁾
2005	20,968,940	9,619,000	3,511,060,000
2006	19,846,000	11,394,364	4,158,943,000
2007	17,283,000	11,302,000	3,142,718,000
2008	20,661,000	10,749,000	3,934,128,000
2009	19,650,000	10,366,000	3,783,510,000
2010	22,664,000	10,234,000	3,735,308,000

(1) Water consumption pumped or treated.

TABLE 4 - MONTHLY WATER RATES (EFFECTIVE SEPTEMBER 18, 2001)

General Water Consumption		
First	2,000 gallons	\$9.75 (Minimum)
Over	2,000 gallons	\$2.74/M gallons
Size of Meter	Minimum Gallons	Minimum Monthly Charges
3/4" or Less	2,000	\$ 9.75
1"	9,000	28.89
1½"	21,000	61.73
2"	34,000	97.29
3"	78,000	211.67
4"	100,000	277.85
6"	134,000	370.87
8"	239,000	658.13
Larger than 8"		To be agreed upon by contract.
Fire Sprinkler Connections - \$32.40		

TABLE 5 - MONTHLY SEWER RATES (EFFECTIVE AUGUST 15, 2006)

Residential Service			Commercial Service		
First	2,000 gallons	\$7.80 (Minimum)	First	2,000 gallons	\$11.52 (Minimum)
Next	13,000 gallons	\$3.26/M gallons	Over	2,000 gallons	\$ 3.26/M gallons

TABLE 6 - APPLICATION AND COST DEPOSIT FOR WATER, WASTEWATER AND REFUSE SERVICE

Single-family residential, minimum	\$ 50.00
Multi-family (apartments), minimum per 2" tap *	40.00
Industrial, minimum	230.00
3/4" Construction Meter	125.00
2" Construction Meter	750.00
Master deposit account	250.00
Commercial account/sprinkler systems (per meter)	40.00
*Per dwelling unit	

CITY OF HURST, TEXAS

TABLE 1 - WATERWORKS AND SEWER SYSTEM CONDENSED STATEMENT OF OPERATIONS

	Fiscal Year Ended September 30,				
	2010	2009	2008	2007	2006
Revenues					
Water Sales	\$ 15,556,443	\$ 15,623,362	\$ 15,995,988	\$ 13,767,155	\$ 16,940,687
Sewer Service Charges	-	-	-	-	-
Storm Water Drainage	-	500,094	-	-	-
Interest on Investments	206,807	478,868	715,963	956,364	716,560
Miscellaneous	451,812	505,227	524,158	509,257	603,016
Total Revenue	\$ 16,215,062	\$ 17,107,551	\$ 17,236,109	\$ 15,232,776	\$ 18,260,263
Expenses					
Personnel Services	\$ 3,695,552	\$ 3,572,994	\$ 3,447,177	\$ 3,196,215	\$ 3,258,539
Contractual Services	6,810,627	5,502,334	5,616,183	5,081,863	5,652,114
Repairs and Maintenance	356,025	521,630	489,441	505,073	484,371
Materials and Supplies	132,870	147,448	186,991	160,761	164,787
Indirect Cost/Street Rental Fees	3,289,855	3,367,142	3,216,231	3,082,281	3,178,831
Other	1,150,337	1,215,875	1,268,368	1,102,964	1,145,308
Total Expense	\$ 15,435,266	\$ 14,327,423	\$ 14,224,391	\$ 13,129,157	\$ 13,883,950
Net Available for Debt Service	\$ 779,796	\$ 2,780,128	\$ 3,011,718	\$ 2,103,619	\$ 4,376,313
Water Customers	12,245	12,238	12,094	12,202	12,060
Sewer Customers	12,034	12,028	11,887	12,444	12,302

TABLE 2 - COVERAGE AND FUND BALANCES

As of September 30, 2010, there is no Water and Sewer revenue debt outstanding.

TABLE 3 - AUTHORIZED BUT UNISSUED REVENUE BONDS

As of September 30, 2010, the City has no authorized but unissued revenue debt.

TABLE 4 - HISTORICAL WATER USAGE

Fiscal Year Ended	Water Usage		
	Average Day Usage	Peak Day Usage	Total Usage
9/30	(Gallons)	(Gallons)	(Gallons)
2006	7,024,000	28,000,000	2,504,418,000
2007	4,854,000	8,928,000	1,772,000,000
2008	5,660,000	8,770,000	2,069,000,000
2009	5,320,000	8,900,000	1,995,000,000
2010	5,900,000	9,056,000	2,156,689,136

TABLE 5 - MONTHLY WATER RATES (EFFECTIVE OCTOBER 1, 2010)*

All customers		
Minimum	2,000 gallons	\$13.70
Over	2,000 gallons	\$5.51 per 1,000 gallons

* Please note that minimum water and sewer rates are increased by an additional base fee of \$4 or \$12 per month (based on meter size) for commercial accounts.

TABLE 6 - MONTHLY SEWER RATES (EFFECTIVE NOVEMBER 1, 2010)*

(1) Minimum	\$9.92
All Flows	\$3.18 per 1,000 gallons

(2) If multiple occupancies are served with a single meter, the minimum charge shall be computed at ninety (90) percent of dwelling units, business occupancies or mobile homes, which is applicable, times the minimum charge established herein for individual customers.

* Please note that minimum water and sewer rates are increased by an additional base fee of \$4 or \$12 per month (based on meter size) for commercial accounts.

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CITY OF IRVING, TEXAS

TABLE 1 - CONDENSED STATEMENT OF OPERATIONS

	Fiscal Year Ended September 30				
	2010	2009	2008	2007	2006
Operating Revenues:					
Charges for Services	\$ 75,512,845	\$ 75,900,831	\$ 71,658,774	\$ 62,085,043	\$ 69,908,890
Total Operating Revenues	\$ 75,512,845	\$ 75,900,831	\$ 71,658,774	\$ 62,085,043	\$ 69,908,890
Operating Expenses:					
Water Purchases	11,890,064	10,015,350	11,559,385	\$ 12,497,247	\$ 12,005,499
Sewer Treatment Costs	12,928,652	13,903,746	12,659,184	12,085,752	10,125,032
Personnel Services	10,070,950	9,893,608	9,650,308	9,573,327	9,595,576
Supplies	3,049,485	3,066,574	2,627,084	1,064,527	964,951
Maintenance	1,654,632	1,969,512	1,960,938	1,902,093	1,704,875
Light and Power	3,767,676	4,031,565	3,680,462	3,115,968	5,349,227
Depreciation	12,774,248	12,319,400	11,572,922	11,235,473	10,506,882
Sundry Charges	413,308	589,617	706,048	3,550,127	2,419,431
Administrative Charges	4,804,298	4,166,024	4,018,809	-	-
Other	3,455,454	2,668,208	3,227,384	3,627,027	5,605,831
Total Operating Expenses	\$ 64,808,767	\$ 62,623,604	\$ 61,662,524	\$ 58,651,541	\$ 58,277,304
Non-Operating Revenues (Expenses):					
Interest Income	\$ 249,328	\$ 953,229	\$ 2,792,518	\$ 3,966,006	\$ 3,237,604
Interest Expense	(7,479,818)	(7,661,197)	(8,380,086)	(8,321,854)	(7,180,525)
Loss on Disposal of Fixed Assets	-	-	-	(42,408)	(45,839)
Transfers Out	-	(4,812,653)	-	-	-
Total Non-Operating Revenues	\$ (7,230,490)	\$ (11,520,621)	\$ (5,587,568)	\$ (4,398,256)	\$ (3,988,760)
Net Income	\$ 3,473,588	\$ 1,756,606	\$ 4,408,682	\$ (964,754)	\$ 7,642,826
Add:					
Capital Contributions	\$ -	\$ 3,474,807	\$ -	\$ -	\$ -
Depreciation	12,774,248	12,319,400	11,572,922	11,235,473	10,506,882
Interest Expense	7,479,818	7,661,197	8,380,086	8,321,854	7,180,525
Transfers Out	-	4,812,653	-	-	-
(Gain) Loss on Disposal of Fixed Assets	-	-	-	42,408	45,839
Net Revenue Available for Debt Service	\$ 23,727,654	\$ 30,024,663	\$ 24,361,690	\$ 18,634,981	\$ 25,376,072
Average Annual Debt Service Requirement	\$ 12,435,135	\$ 12,732,594	\$ 12,595,323	\$ 11,170,818	\$ 12,601,209
Coverage Ratio	1.91	2.36	1.93	1.67	2.01
Maximum Annual Debt Service Requirement	\$ 18,511,491	\$ 18,511,491	\$ 17,536,229	\$ 17,493,586	\$ 17,016,892
Coverage Ratio	1.28	1.62	1.39	1.07	1.49

CONNECTIONS

	Fiscal Year Ended September 30,				
	2010 ⁽¹⁾	2009 ⁽²⁾	2008 ⁽³⁾	2007 ⁽⁴⁾	2006 ⁽⁵⁾
Water Customers	43,585	43,096	42,886	42,101	41,441
Sewer Customers	41,178	40,678	40,631	40,034	39,487

(1) Includes 1,037 master meters (excluding private fire) serving 50,544 apartments and other multiple units.

(2) Includes 1,077 master meters serving 50,104 apartments and other multiple units.

(3) Includes 1,080 master meters serving 51,247 apartments and other multiple units.

(4) Includes 1,064 master meters serving 49,971 apartments and other multiple units.

(5) Includes 1,074 master meters serving 49,965 apartments and other multiple units.

TABLE 2 - COVERAGE AND FUND BALANCES

Average Annual Principal and Interest Requirements, 2011 - 2030 ⁽¹⁾	\$ 13,038,154
Coverage of Average Requirements by 2010 Net Revenue Available for Debt Service ⁽¹⁾	1.82
Maximum Principal and Interest Requirements, 2015	\$ 20,271,009
Coverage of Maximum Requirements by 2009 Net Revenue Available for Debt Service ⁽¹⁾	1.17
Waterworks and Sewer System Revenue Bonds Outstanding, September 30, 2010	\$ 171,690,000
New Lien Bond Interest and Sinking Fund, 9/30/10	\$ 2,047,517
New Lien Bond Reserve Fund, 9/30/10 ⁽²⁾	\$ 6,246,526

- (1) Includes the Previously Issued Senior Lien Bonds, the Previously Issued New Lien Bonds, and the Bonds being offered herein, excludes the Refunded Bonds. Preliminary, subject to change.
 (2) Any shortfall in the amount required for the New Lien Bond Reserve Fund will be funded in 60 equal monthly installments as provided for in the Ordinance.

TABLE 3 - AUTHORIZED BUT UNISSUED REVENUE BONDS

As of September 30, 2010, the City does not have any authorized but unissued revenue bonds.

TABLE 4 - HISTORICAL WATER CONSUMPTION (THOUSANDS OF GALLONS)

Fiscal Year Ended 9/30	Daily Average	Peak Day	Peak Month	Water Pumped	Water Billed	Water Revenue
2006	40,965	73,680	1,843,000	16,157,300	14,952,208	\$ 43,227,395
2007	32,918	81,367	1,519,323	14,051,200	12,015,307	35,107,089
2008	35,370	65,642	1,971,620	14,892,200	12,909,885	42,947,265
2009	40,430	64,570	1,716,460	14,757,243	12,585,097	43,811,006
2010	37,376	63,040	1,759,538	13,642,428	12,278,807	44,208,152

TABLE 5 - TEN LARGEST WATER CUSTOMERS (BASED ON GALLONS CONSUMED)

Customer	Type of Industry	Water Usage (000's)	% of Total Water Usage	Water Revenue	% of Total Water Revenue
Dr. Pepper	Soft Drink Bottler	361,227	2.94%	\$ 1,115,761	2.52%
Irving ISD	Public School District	146,235	1.19%	564,644	1.28%
American Beverage	Soft Drink Bottler	134,987	1.10%	417,764	0.94%
Valley Ranch Association	Homeowners Association	103,729	0.84%	400,181	0.91%
Four Seasons Resort	Hotel/Resort	71,351	0.58%	266,735	0.60%
Las Colinas Association	Homeowners Association	62,574	0.51%	253,731	0.57%
Frito-Lay	Food Manufacturer	59,144	0.48%	218,779	0.49%
Teccor Electronics	Electronics Manufacturer	54,623	0.44%	197,140	0.45%
Carrollton Farmers Branch ISD	Public School District	47,425	0.39%	183,078	0.41%
Grand Venetian	Apartments	45,786	0.37%	170,861	0.39%
Total		1,087,081	8.85%	\$ 3,788,674	8.57%

TABLE 6 - MONTHLY WATER RATES

	Previous Rates <u>(Effective 7/22/2010)</u>	Present Rates <u>Effective 10/1/2010</u>
(a) Monthly Service Charge		
First 3,000 gallons of water, or less		
5/8" and 3/4" Meter	\$ 8.39	\$ 8.82
1" Meter	\$ 10.17	\$ 10.69
1 1/2" Meter	\$ 14.27	\$ 15.00
2" Meter	\$ 20.13	\$ 21.16
3" Meter	\$ 32.41	\$ 34.07
4" Meter	\$ 45.38	\$ 47.70
6" Meter	\$ 79.38	\$ 83.43
8" Meter	\$ 100.26	\$ 105.38
10" Meter	\$ 145.73	\$ 153.17
12" Meter	\$ 217.00	\$ 228.07
(b) Residential water rates:		
Next 7,000 gallons , per 1,000 gallons	\$ 3.44	\$ 3.62
Next 10,000 gallons, per 1,000 gallons	\$ 3.62	\$ 3.81
All over 20,000 gallons:		
October-May consumption, per 1,000 gallons	\$ 3.77	\$ 3.97
June -September consumption, per 1,000 gallons	\$ 4.10	\$ 4.31
(c) Apartment water rates:		
Next 7,000 gallons , per 1,000 gallons	\$ 3.44	\$ 3.62
Next 10,000 gallons, per 1,000 gallons	\$ 3.62	\$ 3.81
All over 20,000 gallons:		
October-May consumption, per 1,000 gallons	\$ 3.77	\$ 3.97
June -September consumption, per 1,000 gallons	\$ 3.99	\$ 4.20
(d) Commercial water rates:		
Next 7,000 gallons , per 1,000 gallons	\$ 3.44	\$ 3.62
Next 10,000 gallons, per 1,000 gallons	\$ 3.62	\$ 3.81
All over 20,000 gallons:		
October-May consumption, per 1,000 gallons	\$ 3.77	\$ 3.97
June -September consumption, per 1,000 gallons	\$ 3.99	\$ 4.20
(e) Large Industrial water rates:		
All over 3,000 gallons, per 1,000 gallons	\$ 3.23	\$ 3.40

TABLE 7 - WASTEWATER USAGE (THOUSANDS OF GALLONS)

Fiscal Year Ended 9/30	Daily Average	Monthly Average	Total Usage	Total Revenues
2006	23,371	710,864	8,530,364	\$ 20,740,102
2007	23,704	721,006	8,652,070	20,929,091
2008	22,662	689,300	8,271,601	20,703,801
2009	22,839	681,914	8,182,971	24,416,158
2010 ⁽¹⁾	22,489	681,603	8,179,240	23,533,446

(1) Data through September 30, 2010 usage.

TABLE 8 - MONTHLY SEWER RATES

	<u>Previous Rates</u> <u>(Effective 7/22/2010)</u> per 1,000 gallons	<u>Current Rates</u> <u>(Effective 10/1/2010)</u> per 1,000 gallons
Residential: First 2,000 gallons	\$ 4.88	\$ 5.13
Over 2,000 gallons	\$ 2.67	\$ 2.81
Commercial: First 10,000 gallons	\$ 25.35	\$ 26.65
Over 10,000 gallons	\$ 2.78	\$ 2.93
Industrial: First 15,000 gallons	\$ 38.04	\$ 39.99
Over 15,000 gallons	\$ 2.78	\$ 2.93

Residential and Commercial rates are based on average monthly metered water sales for January, February and March.

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CITY OF KELLER, TEXAS

TABLE 1 - WATERWORKS AND SEWER SYSTEM CONDENSED STATEMENT OF OPERATIONS

	Fiscal Year Ended September 30,				
	2010	2009	2008	2007	2006
Gross Revenue ⁽¹⁾	\$ 17,422,422	\$ 18,213,479	\$ 19,041,462	\$ 15,999,831	\$ 19,423,269
Expenses ⁽²⁾					
Water Purchased	5,163,957	5,321,387	5,075,159	4,147,890	5,476,097
Other	6,229,895	5,941,970	5,996,841	6,730,916	6,033,663
Total Expenses	<u>\$ 11,393,852</u>	<u>\$ 11,263,357</u>	<u>\$ 11,072,000</u>	<u>\$ 10,878,806</u>	<u>\$ 11,509,760</u>
Net Revenue Available for Debt Service	<u>\$ 6,028,570</u>	<u>\$ 6,950,122</u>	<u>\$ 7,969,462</u>	<u>\$ 5,121,025</u>	<u>\$ 7,913,509</u>
Water Customers	14,110	13,868	13,741	13,419	13,111
Sewer Customers	11,620	11,403	11,190	10,912	10,595

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

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

TABLE 2 - COVERAGE AND FUND BALANCES

As of September 30, 2010, the City of Keller, Texas, has no water and sewer revenue debt outstanding.

TABLE 3 - AUTHORIZED BUT UNISSUED REVENUE BONDS

As of September 30, 2010, the City has no authorized but unissued revenue bonds.

TABLE 4 - WATER USAGE ⁽¹⁾

Year Ended 30-Sep	Total Number of Pumped Gallons	Average Daily Pumped	Peak Daily Pumped
2006	3,539,265,000	9,697,000	18,481,000
2007	2,318,926,000	6,353,000	15,371,000
2008	3,007,045,000	8,216,000	18,785,000
2009	2,848,262,000	7,683,700	19,661,400
2010	2,525,543,300	7,494,000	19,000,000

(1) Information provided by City Staff

TABLE 5 - TEN LARGEST WATER CUSTOMERS

Customer	Type of Industry	Fiscal 2010 Water Usage	Estimated Percent of Water Usage	Water Revenues Received
City of Keller	Municipal Government	59,429,700	2.35%	\$ 166,028
Keller ISD	School District	39,574,100	1.57%	217,467
Capri W DTC, LLC	Real Estate	23,134,500	0.92%	123,728
Hidden Lakes Home Owner Ass'n	Residential	22,263,200	0.88%	115,978
Keller Senior Community, LP	Multi-Family residential	8,999,200	0.36%	47,009
Keller Enid, LTD	Multi-Family residential	8,388,000	0.33%	43,991
Chesapeake Operating, Inc.	Natural Gas	7,464,000	0.30%	38,543
The Plant Shed, Inc.	Landscaping	6,220,200	0.25%	31,574
Keller Oaks Healthcare Center	Nursing Home/Assisted Living	5,606,400	0.22%	28,757
Grand Estates at Keller, LP	Multi-Family Residential	5,590,500	0.22%	34,406
		<u>186,669,800</u>	<u>7.39%</u>	<u>\$ 847,481</u>
	All Other Customers	<u>2,338,873,500</u>	<u>92.61%</u>	<u>10,639,241</u>
	Total Water Sold	<u>2,525,543,300</u>	<u>100.00%</u>	<u>\$ 11,486,722</u>

TABLE 6 - MONTHLY WATER RATES (EFFECTIVE DECEMBER 1, 2010)

	Residential	Commercial
0 to 2,000 gallons	\$16.88 Minimum*	\$16.88 Minimum*
0 to 2,000 gallons	\$1.78/M gallons	\$1.78/M gallons
2,001 to 10,000 gallons	\$2.95/M gallons	\$2.95/M gallons
10,001 to 20,000 gallons	\$3.27/M gallons	\$3.59/M gallons
20,001 to 25,000 gallons	\$3.70/M gallons	\$4.22/M gallons
25,001 to 40,000 gallons	\$4.81/M gallons	\$4.81/M gallons
+40,000 gallons	\$5.24/M gallons	\$5.24/M gallons

The above rates include the current wholesale pass-through rate of \$1.78 per 1,000 gallons.

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

TABLE 7 - MONTHLY SEWER (EFFECTIVE MAY 1, 2010)

Residential:	\$11.85 Minimum plus \$2.78/M Gallons (Based on December, January and February average water consumption): Maximum to 20,000 Gallons
Non Residential:	\$11.85 Minimum plus \$2.78/M Gallons (Based on monthly water consumption, no maximum.)

The above rates include the current wholesale pass-through rate of \$1.15 per 1,000 gallons.

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

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CITY OF MANSFIELD, TEXAS

TABLE 1 - WATERWORKS AND SEWER SYSTEM CONDENSED STATEMENT OF OPERATIONS

	Fiscal Year Ended September 30,				
	2010	2009	2008	2007	2006
Revenues					
Water Service	\$ 12,124,532	\$ 12,528,530	\$ 10,539,996	\$ 9,589,397	\$ 11,004,048
Sewer Service	6,287,626	5,917,858	5,044,677	4,953,161	4,901,479
Charges for Services	1,077,498	1,057,891	1,147,407	1,098,276	959,555
Interest Earnings	6,484	96,431	413,313	1,129,357	836,565
Impact Fees	1,619,455	1,550,911	2,373,004	2,373,040	2,835,047
Total Revenues	\$ 21,115,595	\$ 21,151,621	\$ 19,518,397	\$ 19,143,231	\$ 20,536,694
Expenses					
Water Distribution	\$ 788,773	\$ 834,110	\$ 695,026	\$ 702,882	\$ 777,340
Wastewater Collection	4,215,893	3,949,616	3,360,465	3,335,447	3,155,057
Water Quality Control	4,781,233	5,145,885	4,392,187	4,888,280	4,635,115
Administration	1,760,464	1,987,097	2,014,130	1,984,345	1,470,847
Total Expenses	\$ 11,546,363	\$ 11,916,708	\$ 10,461,808	\$ 10,910,954	\$ 10,038,359
Net Available for Debt Service	\$ 9,569,232	\$ 9,234,913	\$ 9,056,589	\$ 8,232,277	\$ 10,498,335
Water Customers	18,911	18,559	18,303	17,700	17,240
Sewer Customers	16,802	16,457	16,102	15,552	14,875

TABLE 2 - COVERAGE AND FUND BALANCES

Average Annual Principal and Interest Requirements, 2011-2030	\$ 4,708,140
Coverage of Average Requirements by 9/30/10 Net Income	2.03x
Maximum Principal and Interest Requirements, 2015	\$ 6,343,515
Coverage of Maximum Requirements by 9/30/10 Net Income	1.51x
Waterworks and Sewer System Bonds Outstanding, 1/31/11	\$ 63,440,000
Water and Sewer Sinking and Reserve Fund, 9/30/10	\$ 4,036,931

TABLE 3 - AUTHORIZED BUT UNISSUED REVENUE BONDS

AS OF SEPTEMBER 30, 2010, THE CITY HAS NO AUTHORIZED BUT UNISSUED REVENUE DEBT.

TABLE 4 - HISTORICAL WATER CONSUMPTION

Fiscal Year Ended 9/30	Total Usage	Peak Day	Average Day
2006	3,960,388,000	19,982,000	10,850,000
2007	2,987,689,000	18,927,000	8,185,000
2008	3,566,496,000	20,009,000	9,771,222
2009	3,626,911,000	21,664,000	9,937,000
2010	3,030,214,523	19,235,000	8,986,562

TABLE 5 - TEN LARGEST WATER CUSTOMERS ⁽¹⁾

Customer	2010 Water Usage	% of Total Water Usage	Water Revenue	Percent of Water Revenues
City of Mansfield	72,073,890	2.38%	\$ 116,901	0.98%
Walnut Creek Country Club	66,455,580	2.19%	62,800	0.53%
Mansfield National Golf Club	50,724,020	1.67%	42,232	0.35%
Chesapeake Energy	48,714,200	1.61%	177,867	1.49%
Simeus Foods International	37,135,500	1.23%	105,906	0.89%
Mansfield ISD	32,180,130	1.06%	251,411	2.10%
Alliance Communities	24,533,410	0.81%	87,798	0.74%
XTO Energy Inc.	24,465,000	0.81%	91,286	0.76%
Southwaste - Dallas	22,851,280	0.75%	7,893	0.07%
Carrizo Oil & Gas	21,928,180	0.72%	94,531	0.79%
	<u>401,061,190</u>	<u>13.24%</u>	<u>\$ 1,038,625</u>	<u>8.70%</u>

(1) Golf Course and Ga companies purchase non-potable water and they pay a discounted rate for non potable water

TABLE 6 - MONTHLY WATER RATES

Meter Size	Rates	Rates	Increase
	Effective as of February 2010	Effective as of October 2010	
Residential < 2,000 Gallons	\$6.90	\$7.15	\$0.25
3/4" & 5/8"	\$16.93	\$21.17	\$4.24
1"	\$42.32	\$52.90	\$10.58
1 1/2"	\$84.65	\$105.82	\$21.17
2"	\$135.11	\$169.30	\$34.19
3"	\$270.87	\$338.59	\$67.72
4"	\$465.56	\$581.95	\$116.39
6"	\$953.13	\$1,191.42	\$238.29

Volume Rate per 1,000 Gallons
Water (Effective February 2010)

	Residential / Commercial	
	Industrial	Commercial
First 2,000 Gallons	\$0.00	\$0.00
Next 30,000 Gallons	\$2.06	\$2.74
Over 32,000 Gallons	\$2.58	\$3.43

TABLE 7 - WASTEWATER USAGE (GALLONS)

Year Ending 9/30	Amount in Gallons (000)
2006	1,883,863
2007	1,920,558
2008	1,890,373
2009	2,018,181
2010	2,086,742

TABLE 8 - MONTHLY SEWER RATES

	Rates Effective as of <u>February 2010</u>	Rates Effective as of <u>October 2010</u>
Residential Minimum Charge < 2,000 Gallons	\$6.90	\$7.15
Minimum Charge > 2,000 Gallons	\$14.24	\$21.45
Volumetric Rate per 1,000 Gallons Sewer (Effective February 2010)		
	<u>Industrial</u>	<u>Residential / Commercial</u>
First 2,000 Gallons	\$0.00	\$0.00
Over 2,000 Gallons	\$2.41	\$2.41

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CITY OF NORTH RICHLAND HILLS, TEXAS

TABLE 1 - WATERWORKS AND SEWER SYSTEM CONDENSED STATEMENT OF OPERATIONS

Fiscal Year Ended September 30,

<u>Operating Revenues</u>	2010	2009	2008	2007	2006
Water and Sewer Service Sales	\$ 23,188,158	\$ 23,861,531	\$ 23,440,190	\$ 18,818,231	\$ 24,061,471
Water and Sewer Connections	191,754	148,758	316,341	649,830	868,444
Service Charges	848,634	911,619	863,717	774,923	827,549
Inspection Fees	10,569	10,887	33,886	19,382	94,791
Assessment Revenue	1,950	1,934	811	311	-
Other Intergovernmental	74,260	124,431	1,645,800	1,367,659	43,966
Other Revenues	9,312	1,738	949	-	6,256
Other Income(Expense)	-	-	-	599,983	1,288,734
Investment Income	-	614,982	732,511	1,141,969	783,731
Total Revenues	\$ 24,324,637	\$ 25,675,880	\$ 27,034,205	\$ 23,372,288	\$ 27,974,942
<u>Operating Expenses</u> ⁽¹⁾					
Contractual Services	\$ 2,147,631	\$ 2,752,682	\$ 15,054,545	\$ 12,071,305	\$ 12,136,573
Water Purchases	7,145,638	6,756,058	-	-	-
Wastewater treatment services	4,696,923	4,561,547	-	-	-
Personal Services	5,125,165	4,634,623	4,654,648	4,349,076	4,236,859
Repairs and Maintenance	3,140,541	1,719,103	2,683,674	2,273,075	2,187,410
Supplies	266,245	222,611	91,877	162,976	155,373
Franchise Fees	-	-	691,337	594,207	705,119
Payments in Lieu of Taxes	-	-	-	357,847	344,779
Administration Fees	1,637,816	1,559,825	1,485,548	1,414,807	1,347,435
Total Operating Expenses	\$ 24,159,959	\$ 22,206,449	\$ 24,661,629	\$ 21,223,293	\$ 21,113,548
Net Available for Debt Service	\$ 164,678	\$ 3,469,431	\$ 2,372,576	\$ 2,148,995	\$ 6,861,394
Water Connections	20,420	20,302	20,282	20,516	19,784
Sewer Connections	19,141	19,068	19,053	19,350	18,618

(1) Excludes Depreciation.

TABLE 2 - COVERAGE AND FUND BALANCES

As of September 30, 2010, there is no revenue debt outstanding.

TABLE 3 - AUTHORIZED BUT UNISSUED REVENUE BONDS

As of September 30, 2010, the city has no authorized but unissued revenue bonds.

TABLE 4 - TOP TEN WATER USERS

Customer	Type of Property	FYE 9/30/10 Water Usage (In Gallons)	Percent of Total Water Usage
Doskocil Food	Food Processor	143,963,745	4.38%
BISD	Schools	44,311,879	1.35%
BGPC Equestrian GP LLC	Apartments	34,548,168	1.05%
Remington Oaks Apartments	Apartments	27,690,840	0.84%
Alliance PP2 FX2 LP (DBS Hill Top Apts)	Apartments	26,466,619	0.80%
Chesapeake Operations Inc.	Oil Field Services	24,245,852	0.74%
Towne Oaks	Apartments	21,649,925	0.66%
Tantara Club Apartments	Apartments	21,006,967	0.64%
North Hills Hospital	Hospital	18,779,228	0.57%
Silver Creek Apartments	Apartments	17,326,253	0.53%
		<u>379,989,476</u>	<u>11.55%</u>

TABLE 5 - WATER USAGE (GALLONS)

Fiscal Year	Peak Day Usage	Average Day Usage	Total Usage
2006	20,209,000	10,451,460	33,814,783,995
2007	18,321,300	8,814,723	3,217,374,000
2008	22,169,000	9,855,816	3,607,228,530
2009	20,580,000	9,078,458	3,313,637,380
2010	19,655,000	9,014,177	3,290,174,670

TABLE 6 - MONTHLY WATER RATES (EFFECTIVE FEBRUARY 1, 2011)

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 \$2.69 per 100 cubic feet on monthly volume greater than the 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 \$9.30 per unit per month minimum for the first 267 cubic feet of water used, plus a volume charge calculated from Schedule A.

3. Billing for apartment complexes and trailer parks:

- A. \$9.30 per month for each apartment or trailer 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.

Meter Size (inches)	3/4"	1"	1 1/2"	2"	4"	6" and 8"
Minimum Bill	\$ 9.30	\$ 15.53	\$ 30.97	\$ 49.57	\$ 195.30	\$ 434.03
Volume Charge:						
Minimum Charge:	267	345	937	1,300	4,000	10,000
\$2.69 for all above:	267	345	937	1,300	4,000	10,000
Water Pass Through Charge:	<u>Plus \$0.95 per 100 cubic feet</u>					

Schedule A
(Volume Used in Cubic Feet)

Meter Size (inches)	3/4"	1"	1 1/2"	2"	4"	6"and 8"
Minimum Bill	\$ 9.30	\$ 15.53	\$ 30.97	\$ 49.57	\$ 195.30	\$ 434.03
Volume Charge:						
Minimum Charge:	267	345	937	1,300	4,000	10,000
\$2.69 for all above:	267	345	937	1,300	4,000	10,000
Water Pass Through Charge:	Plus \$0.95 per 100 cubic feet					

TABLE 7 - SEWER RATES (EFFECTIVE FEB 1, 2011)

1. A monthly service charge shall be paid by all customers in the amount of \$7.27.
2. A monthly volume charge shall also be charged to all customers in the amount of \$1.17 per 100 cubic feet of water used, or wastewater produced, as more specifically set forth hereinafter.

The monthly volume charge for residential customers will be based on the individual customer's average monthly water use during the previous winter quarter months of December, January and February; but in no event shall the volume used to compute this monthly charge exceed 2,500 cubic feet. The volumes used to compute these charges are based on the amount of water used by the residential customer as measured by a meter. Where no previous winter quarter average is available from the records, the volume to be used for this monthly volume charge shall be estimated, such estimated volume not to exceed 2,500 cubic feet per customer.

3. The monthly charges to commercial and industrial customers will be based on total water use for each month as measured by appropriate meters, with the provision that if a customer can show, to the satisfaction of the Director of Utilities, that a significant portion of the metered water usage does not enter the sanitary sewer system, the customer will be charged for only that volume entering the sewers, as determined by a method approved by the Director of Utilities.

4. All Industrial Users:

To be served on system only by specific contract approved by Council for the particular Industrial Sewage or Water involved.

5. In the event a commercial customer is introducing sewage into the sewage system that creates unusual conditions or problems such as excessive oils, greases, or chemicals, the Director of Utilities shall advise the customer of his options.

A. To correct at his own expense, the conditions causing the excess.

B. To pay a monthly rate to be determined by the Director of Utilities to the City equal to the expense of maintaining and/or treating the excessive waste.

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

It shall be the policy of North Richland Hills to bill each home, homes, duplex, triplex, offices, or any other buildings where more than one user is tied onto the same water meter at \$7.27 per month for each customer unit for sewer, plus a monthly volume charge of \$1.17 per 100 cubic feet of water used by the building. The monthly volume charge to be calculated as noted in paragraph B(2) above with the exception that there shall be no volume limit as is the case for residential customers.

7. Billing for apartment complexes and trailer parks:

A. \$10.00 per month service charge plus \$7.27 per month per apartment or trailer plus a monthly volume charge of \$1.17 per 100 cubic feet of water used by the apartment complex or park.

B. Apartment 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.

8. A Sewer pass through rate of \$0.7851 per 100 cubic feet will also be applied.

Service Charge

\$ 7.27 Flat Rate
 \$ 0.7851 per 100 cubic feet Pass Through Rate

Volume Charge

Residential

\$1.17/100 CF based on average monthly water use during the previous winter quarter months of December, January, and February, not to exceed 2,500 CF.

Commercial and Industrial

\$1.17/100 CF based on total water use for each month as measured by appropriate meters, with the provision that if a customer can show, to the satisfaction of the Director of Utilities, that a significant portion of the metered water usage does not enter the sanitary sewer system, the customer will be charged for only that volume entering the sewer, as determined by a method approved by the Director of Utilities.

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: All sizes:	\$ 60.00	\$ 40.00	\$ 100.00	Residential: All sizes:	\$ -	\$ -	\$ -
Commercial: 3/4"	\$ 70.00	\$ 50.00	\$ 120.00	Commercial: 3/4"	\$ 70.00	\$ 200.00	\$ 270.00
1"	200.00	100.00	300.00	1"	200.00	275.00	475.00
1 1/2"	380.00	350.00	730.00	1 1/2"	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
Multi-family: All Sizes/Per Unit	\$ 50.00	\$ 30.00	\$ 80.00	Multi-family: All Sizes/Per Unit	\$ -	\$ -	\$ -

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CITY OF SOUTHLAKE, TEXAS

TABLE 1 - WATERWORKS AND SEWER SYSTEM CONDENSED STATEMENT OF OPERATIONS

	Fiscal Year Ended September 30,				
	2010	2009	2008	2007	2006
Revenues					
Water and Sewer	\$ 18,815,054	\$ 19,276,241	\$ 18,400,304	\$ 15,227,379	\$ 19,996,304
Service Fees	82,302	32,992	141,548	172,793	169,612
Interest Income	155,106	593,538	594,891	1,183,987	1,024,603
Other Revenues	71,938	372,063	1,173	13,959	940,863
Total Revenues	\$ 19,124,400	\$ 20,274,834	\$ 19,137,916	\$ 16,598,118	\$ 22,131,382
Expenses					
Water Purchased	\$ 6,520,881	\$ 6,059,407	\$ 6,410,944	\$ 4,959,939	\$ 7,072,892
Other Expenses	9,639,823	8,883,655	8,408,937	6,975,204	6,060,365
Total Expenses	\$ 16,160,704	\$ 14,943,062	\$ 14,819,881	\$ 11,935,143	\$ 13,133,257
Net Available for Debt Service	\$ 2,963,696	\$ 5,331,772	\$ 4,318,035	\$ 4,662,975	\$ 8,998,125
Water Customers	9,223	9,207	9,209	8,994	8,714
Sewer Customers	7,091	7,075	6,945	6,810	6,498

TABLE 2 - COVERAGE AND FUND BALANCES

As of September 30, 2010, the City no longer has water and sewer revenue debt outstanding.

TABLE 3 - AUTHORIZED BUT UNISSUED REVENUE BONDS

As of September 30, 2010, the City has no authorized but unissued revenue bonds.

TABLE 4 - HISTORICAL WATER CONSUMPTION

Year Ended 9/30	Total Number of Pumped Gallons (in Billions)	Average Daily Pumped	Peak Daily Pumped	Revenues Received
2006	4,171,441	13,072,443	27,075,000	\$ 14,388,152
2007	2,831,889	7,758,600	17,217,000	11,443,282
2008	3,711,816	10,141,574	26,865,000	12,523,990
2009	3,238,063	10,241,268	25,247,000	13,482,665
2010	4,191,076	11,482,401	27,824,000	12,844,190

TABLE 5 - TEN LARGEST WATER CUSTOMERS

Customer	Fiscal 2010 Water Usage			
	Gallons	% of Usage	Revenue	% of Revenue
Carroll ISD	53,237,938	1.27%	\$ 208,539	1.62%
Inland Southwest Management	42,756,530	1.02%	159,925	1.25%
City of Southlake-Public Works	41,664,110	0.99%	156,904	1.22%
Verizon Wireless	18,347,349	0.44%	75,726	0.59%
Timarron Owners Assoc	14,593,460	0.35%	50,998	0.40%
Gateway Church	13,737,088	0.33%	54,871	0.43%
Heartland Hotel Corp DBA Hilton	12,765,500	0.30%	52,437	0.41%
Sabre Inc.	12,471,103	0.30%	49,774	0.39%
Cencor Realty Services, Inc.	11,795,704	0.28%	46,119	0.36%
Costco Utility Bills	9,534,912	0.23%	38,872	0.30%

TABLE 6 - MONTHLY WATER RATES (EFFECTIVE NOVEMBER 1, 2008)

	Residential	
	Inside City (1" METER)	Outside City (1" METER)
First 2,000 gallons	\$ 26.60 (Minimum)	\$ 34.45 (Minimum)
2,001-10,000 gallons	2.97 per 1,000 gallons	2.97 per 1,000 gallons
10,001-25,000 gallons	3.47 per 1,000 gallons	3.47 per 1,000 gallons
25,001-40,000 gallons	3.72 per 1,000 gallons	3.72 per 1,000 gallons
Over 40,001 gallons	4.22 per 1,000 gallons	4.22 per 1,000 gallons

Elderly/Hardship Waiver Rates:

First 2,000 gallons	\$11.38 (Minimum)
2,001-100,000	2.75 per 1,000 gallons

Gallons	Commercial						
	Meter Size						
	1.0"	1.5"	2.0"	3.0"	4.0"	6.0"	8.0"
First 3,000	\$41.86						
First 5,000		\$69.12					
First 7,000			\$96.38				
First 10,000				\$138.25			
First 12,000					\$165.51		
First 15,000						\$207.37	
First 18,000							\$249.24

Excess required gallons-

3,001-10,000 gallons	\$ 2.97 per 1,000 gallons
10,001-25,000 gallons	\$3.47 per 1,000 gallons
25,001-40,000 gallons	\$3.72 per 1,000 gallons
Over 40,001 gallons	\$4.22 per 1,000 gallons

TABLE 7 - MONTHLY SEWER RATES

Residential and Commercial	
First 2,000 gallons	\$26.16
2,001-10,000	\$3.00

APPENDIX C

**CERTAIN FINANCIAL AND OPERATING DATA OF
CENTRAL REGIONAL WASTEWATER SYSTEM ENTERPRISE FUND**

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**CENTRAL REGIONAL
WASTEWATER SYSTEM
ENTERPRISE FUND**

TRINITY RIVER AUTHORITY OF TEXAS
CENTRAL REGIONAL WASTEWATER SYSTEM ENTERPRISE FUND

STATEMENT OF NET ASSETS
NOVEMBER 30, 2010

ASSETS

CURRENT ASSETS:

Cash (Note 1)		\$	250
Equity in Pooled Cash and Investments (Note 1)			13,295,127
Accounts Receivable - Contracting Parties (Note 2)			1,199,160
Accounts Receivable - Other			132,703
Prepays and Other Assets			137,340
Inventory			616,324
Due from Other Authority Funds (Note 7)			110,220
Due from Restricted Assets			769,682
Total Current Assets			<u>16,260,806</u>

RESTRICTED ASSETS (Note 1):

Interest and Sinking Funds:			
Equity in Pooled Cash and Investments	\$	17,732,972	
Accrued Investment Income		213,685	
Due from Reserve Fund		264,244	
Due to Current Assets		<u>(769,682)</u>	\$ 17,441,219
Reserve Funds:			
United States Government and Agency Obligations		42,300,954	
Due to Interest and Sinking Fund		<u>(264,244)</u>	42,036,710
Construction Funds:			
Equity in Pooled Cash and Investments		143,115,812	
Money Market Fund		245,054	
Accrued Investment Income		106,957	
United States Government and Agency Obligations		80,413,200	
Due to Arbitrage Rebate Fund		<u>(133,000)</u>	
Accounts Receivable		61,300	
Prepays		<u>3,886</u>	223,813,209
Arbitrage Rebate Fund:			
Due from Construction Fund			133,000
Emergency Fund -			
Equity in Pooled Cash and Investments			1,000,000
Research and Development Fund -			
Equity in Pooled Cash and Investments			<u>100,000</u>
Total Restricted Assets			284,524,138

CAPITAL ASSETS (Note 3):			
Land and Easements		\$	17,599,077
Sewage System and Extensions	\$ 846,153,127		
Accumulated Depreciation	<u>(290,646,766)</u>	555,506,361	
Machinery and Equipment	7,462,904		
Accumulated Depreciation	<u>(5,268,057)</u>	2,194,847	
Construction-in-Progress (Note 5)		<u>86,241,443</u>	
Total Capital Assets - Net			\$ 661,541,728
DEFERRED CHARGES - Unamortized Bond Expense			<u>12,453,363</u>
TOTAL ASSETS			<u>974,780,035</u>
LIABILITIES			
CURRENT LIABILITIES:			
Payable from Current Assets:			
Accounts Payable and Accrued Expenses	2,057,401		
Accounts Payable - Contracting Parties (Note 2)	2,868,280		
Unearned Revenue	<u>1,720</u>	4,927,401	
Payable from Restricted Assets:			
Accounts and Retainage Payable	9,368,886		
Unearned Revenue	1,939		
Due to Other Authority Funds (Note 7)	60		
Revenue Bonds - Current Maturities (Note 4)	25,145,000		
Accrued Interest on Bonds Payable	<u>8,493,199</u>	<u>43,009,084</u>	
Total Current Liabilities			47,936,485
LONG-TERM LIABILITIES (Note 4):			
Revenue Bonds, Less Current Maturities		676,970,000	
Unamortized Bond Premium (Discount)		4,140,634	
Deferred Amount on Refunding		(6,275,670)	
Accounts Payable and Accrued Expenses		<u>453,856</u>	
Total Long-Term Liabilities - Net			<u>675,288,820</u>
TOTAL LIABILITIES			<u>723,225,305</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt			188,457,451
Restricted for:			
Debt Service	50,984,730		
Other Purposes	<u>1,100,000</u>	52,084,730	
Unrestricted		<u>11,012,549</u>	
TOTAL NET ASSETS			\$ <u>251,554,730</u>

The accompanying notes are an integral part of the financial statements.

TRINITY RIVER AUTHORITY OF TEXAS
CENTRAL REGIONAL WASTEWATER SYSTEM ENTERPRISE FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEAR ENDED NOVEMBER 30, 2010

OPERATING REVENUE:

Sewage Service Contract Revenue (Note 2):

Irving	\$ 12,504,189
Grand Prairie	8,908,479
Arlington	22,869,413
Farmers Branch	2,166,762
Dallas	4,374,145
Euless	1,988,945
Carrollton	5,668,683
Dallas/Fort Worth International Airport Board	1,152,745
Bedford	2,598,274
Coppell	2,051,794
Colleyville	1,263,880
Fort Worth	2,432,721
Grapevine	852,295
Mansfield	3,269,687
Hurst	196,978
North Richland Hills	410,819
Duncanville	105,004
Keller	1,635,610
Southlake	1,035,477
Cedar Hill	338,006
Addison	855,360
Total	<u>76,679,266</u>
Water Reuse Revenue	640,382
Overstrength Surcharge	1,025,373
Professional Fees	567,269
Operating Overhead	<u>759,710</u>
Total Operating Revenue	<u>79,672,000</u>

OPERATING EXPENSES:

Personal Services	\$ 11,672,427
Supplies	5,190,798
Other Services and Charges	17,576,967
Depreciation	<u>21,256,056</u>
Total Operating Expenses	<u>55,696,248</u>

OPERATING INCOME

23,975,752

NON-OPERATING REVENUE (EXPENSES):		
Investment Income	\$ 2,252,347	
Interest Expense (Note 6)	(15,414,565)	
Paying Agent Fees	(4,600)	
SEC Disclosure Fees	(16,333)	
Amortization of Bond Sale Expense	(843,485)	
Other	218,842	
Total Non-Operating Revenue (Expense) - Net		\$ <u>(13,807,794)</u>
INCOME BEFORE TRANSFERS AND SPECIAL ITEM		10,167,958
TRANSFERS IN (Note 8)		154,230
TRANSFERS OUT (Note 9)		(45,470)
SPECIAL ITEM - Loss on Impairment of Capital Assets (Note 11)		<u>(2,598,339)</u>
CHANGE IN NET ASSETS		7,678,379
NET ASSETS - DECEMBER 1, 2009		<u>243,876,351</u>
NET ASSETS - NOVEMBER 30, 2010		\$ <u><u>251,554,730</u></u>

The accompanying notes are an integral part of the financial statements.

TRINITY RIVER AUTHORITY OF TEXAS
CENTRAL REGIONAL WASTEWATER SYSTEM ENTERPRISE FUND

STATEMENT OF CASH FLOWS
YEAR ENDED NOVEMBER 30, 2010

CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	\$ 76,897,615	
Cash Received from Other Funds for Services	726,940	
Cash Payments to Suppliers for Goods and Services	(20,492,431)	
Cash Payments for Employee Services	(11,333,410)	
Cash Payments to Other Funds for Services	<u>(2,480,419)</u>	
Net Cash Provided by Operating Activities		\$ 43,318,295
CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES:		
Transfer from Other Authority Funds	154,230	
Transfer to Other Authority Funds	(45,470)	
Other Cash Receipts	<u>228,477</u>	
Net Cash Provided by Non-Capital Financing Activities		337,237
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and Construction of Capital		
Assets Exclusive of Capitalized Interest	(61,618,355)	
Principal Paid on Revenue Bond Maturities	(23,140,000)	
Interest Paid on Revenue Bonds and Related Fees	(25,062,487)	
Proceeds from Issuance of Bonds	107,180,000	
Bond Sale Expenses Paid	(2,427,535)	
Proceeds from Sale of Capital Assets	36,019	
Paying Agent Fees	(4,600)	
SEC Disclosure Fees	<u>(16,333)</u>	
Net Cash Used for Capital and Related Financing Activities		(5,053,291)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of Investments	(79,850,152)	
Cash Received for Investment Income	<u>1,593,169</u>	
Net Cash Used for Investing Activities		<u>(78,256,983)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		(39,654,742)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		<u>215,143,957</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		\$ <u><u>175,489,215</u></u>

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating Income	\$ 23,975,752
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	\$ 21,256,056
Change in Assets and Liabilities:	
Accounts Receivable - Contracting Parties	(431,198)
Accounts Receivable - Other	97,519
Prepays and Other Assets	(48,798)
Inventory	(22,026)
Due from Other Authority Funds	(32,771)
Accounts Payable	124,636
Accounts Payable - Contracting Parties	(1,583,391)
Unearned Revenue	(85)
Due to Other Authority Funds	(17,399)
Total Adjustments	<u>19,342,543</u>
Net Cash Provided by Operating Activities	<u>\$ 43,318,295</u>
SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITIES:	
Gain on Disposal of Capital Assets	\$ (2,880)
Loss on Impairment of Capital Assets	2,598,339
Amortization of Bond Premium/Discount	(1,412,846)
Amortization of Deferred Amount on Refunding	961,625
Change in Fair Value of Investments	526,311
Change in Estimated Arbitrage Liability	(703,903)
Change in Liabilities Related to Capital Assets	(396,156)

The accompanying notes are an integral part of the financial statements.

TRINITY RIVER AUTHORITY OF TEXAS
CENTRAL REGIONAL WASTEWATER SYSTEM ENTERPRISE FUND

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED NOVEMBER 30, 2010

1. See Exhibit 1-10, Note 1 for summary of significant accounting and reporting policies.
2. The Authority has entered into waste disposal contracts with the cities of Addison, Arlington, Bedford, Carrollton, Colleyville, Dallas, Euless, Coppell, Farmers Branch, Fort Worth, Grand Prairie, Irving, Grapevine, Mansfield, Hurst, North Richland Hills, Duncanville, Cedar Hill, Southlake, and Keller and the Dallas-Fort Worth International Airport Board ("Contracting Parties") whereby the Contracting Parties have agreed to pay the Authority their proportionate share of the net cost of operation and maintenance of the system and the debt service for its outstanding bonds – See Note 4. Accounts receivable/payable – Contracting Parties at November 30, 2010 represents the difference between the amounts received from the Contracting Parties and the amounts they were actually required to pay for their portion of debt service and operation and maintenance expenses.

Bonded debt for which the Contracting Parties have agreed to pay consists of revenue refunding bonds and revenue bonds that were originally issued to provide funding for construction associated with the Central Regional Wastewater System. All outstanding debt is secured by and payable from net revenues of the fund. Specifically, net revenues from contracts between the Authority and Contracting Parties have been pledged for repayment of the bonds, and the amount of the pledge is equal to the remaining outstanding debt service requirements. For the year ended November 30, 2010, debt service of \$49,607,674 was secured by pledged revenues of \$45,350,651, escrowed cash of \$3,443,819, and interest income earned on accounts restricted for debt service of \$813,204. The pledge continues for the life of the bonds.

3. Capital asset activity and the related changes in accumulated depreciation for the year ended November 30, 2010 were as follows:

	<u>Balance</u> <u>December 1, 2009</u>	<u>Additions</u> <u>and Transfers</u>	<u>Deletions</u> <u>and Transfers</u>	<u>Balance</u> <u>November 30, 2010</u>
Land and Easements Sewage System and Extensions	\$ 16,074,566	\$ 1,524,511		\$ 17,599,077
Accumulated Depreciation	811,876,602	45,009,456	\$ (10,732,931)	846,153,127
Machinery and Equipment	(277,816,059)	(20,625,725)	7,795,018	(290,646,766)
Accumulated Depreciation	7,404,683	278,938	(220,717)	7,462,904
Construction-in-Progress	(4,825,304)	(630,331)	187,578	(5,268,057)
	<u>61,516,598</u>	<u>70,921,867</u>	<u>(46,197,022)</u>	<u>86,241,443</u>
Total	<u>\$614,231,086</u>	<u>\$ 96,478,716</u>	<u>\$ (49,168,074)</u>	<u>\$ 661,541,728</u>

4. The outstanding bonds of the Central Regional Wastewater System Enterprise Fund as of November 30, 2010 are comprised of the following:

<u>Series</u>	<u>Outstanding Principal Amount</u>	<u>Interest Rates</u>
Regional Wastewater System Revenue Bonds:		
Series 2001	\$ 86,730,000	1.95% - 3.60%
Series 2004	104,975,000	1.45% - 3.85%
Series 2005	9,525,000	4.20% - 5.00%
Series 2007	119,995,000	2.95% - 3.60%
Series 2008	89,995,000	1.65% - 3.55%
Series 2009	86,780,000	0.80% - 4.15%
Series 2010	107,180,000	0.30% - 3.85%
Regional Wastewater System Revenue Refunding Bonds:		
Series 2003	50,220,000	4.00% - 5.50%
Series 2008	<u>46,715,000</u>	4.00% - 5.00%
Total	<u>\$ 702,115,000</u>	

Changes in long-term debt during the year ended November 30, 2010 were as follows:

<u>Series</u>	<u>Balance December 1, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance November 30, 2010</u>	<u>Current Portion</u>
2001	\$ 86,900,000		\$ 170,000	\$ 86,730,000	\$ 9,170,000
2003 Ref	64,135,000		13,915,000	50,220,000	7,020,000
2004	104,980,000		5,000	104,975,000	5,000
2005	9,525,000		NIL	9,525,000	NIL
2007	120,000,000		5,000	119,995,000	5,000
2008	90,000,000		5,000	89,995,000	5,000
2008 Ref	55,755,000		9,040,000	46,715,000	8,935,000
2009	86,780,000		NIL	86,780,000	5,000
2010	NIL	<u>\$107,180,000</u>	<u>NIL</u>	<u>107,180,000</u>	<u>NIL</u>
	<u>618,075,000</u>	<u>107,180,000</u>	<u>23,140,000</u>	<u>702,115,000</u>	<u>25,145,000</u>
Arbitrage Liabilities	2,086,279		1,953,279	133,000	NIL
Compensated Absences	<u>733,530</u>	<u>566,216</u>	<u>523,420</u>	<u>776,326</u>	<u>455,470</u>
Total Long-Term Debt	<u>\$620,894,809</u>	<u>\$107,746,216</u>	<u>\$25,616,699</u>	<u>\$ 703,024,326</u>	<u>\$25,600,470</u>

On January 21, 2010, the Authority issued \$107,180,000 of Regional Wastewater System Revenue Bonds, Series 2010, for the purpose of improving existing plant facilities, providing additional interceptor capacity, and paying costs of issuance. The bonds bear interest at a rate of 0.3% to 3.85% per annum and mature serially on August 1 of each year.

Long-term arbitrage liabilities are reported with accounts payable and accrued expenses in the Statement of Net Assets. Current arbitrage liabilities are reported with accounts and retainage payable in the Statement of Net Assets.

Compensated absences are reported with accounts payable and accrued expenses in the Statement of Net Assets.

Annual debt service requirements to maturity, including interest, for each series are set forth in Exhibit 49 and are summarized as follows:

<u>Year Ending November 30</u>	<u>Interest</u>	<u>Principal</u>
2011	\$ 25,479,596	\$ 25,145,000
2012	24,402,543	27,525,000
2013	23,228,581	29,210,000
2014	22,021,679	31,515,000
2015	20,728,581	32,960,000
2016-2020	84,889,395	172,920,000
2021-2025	56,452,110	186,990,000
2026-2030	21,583,480	171,055,000
2031-2034	<u>1,951,958</u>	<u>24,795,000</u>
	<u>\$ 280,737,923</u>	<u>\$ 702,115,000</u>

Each series matures serially, generally in graduated amounts.

The Authority has defeased certain other outstanding revenue bonds in prior years by placing proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments of the old bonds. Accordingly, the trust accounts and the defeased bonds are not included in the Central Regional Wastewater System's financial statements. Prior to November 30, 2010, all such old bonds have been called and no bonds are considered defeased as of year-end.

5. The Central Regional Wastewater System construction program includes various improvements to the treatment plant facilities and construction of additional interceptors and extensions. At November 30, 2010, the Authority was committed under construction contracts for \$120,575,869 of which \$84,567,562 has been incurred.
6. The Authority capitalized interest in 2010 in connection with construction in the Central Regional Wastewater System. The net interest capitalized for the year in connection with this project was \$9,933,553.

7. As of November 30, 2010, Central Regional Wastewater System owed \$60 to the Construction Services Staff Internal Service Fund for a refund of excess amounts received for lab and maintenance services. In addition, amounts due from other Authority funds consist of \$55,652 due from Ten Mile Creek Regional Wastewater System, \$1,239 due from Tarrant County Water Project, \$7,429 due from the General Fund, and \$45,900 due from nonmajor enterprise funds for construction costs and lab and maintenance services.
8. In 2010, Central Regional Wastewater System received a transfer of \$154,320 from Risk Retention Fund as a rebate of insurance premiums.
9. In 2010, Central Regional Wastewater System transferred \$45,470 to the General Fund to compensate the General Fund for the use of general facilities.
10. Subsequent to year-end, the Authority issued \$127,005,000 of Regional Wastewater System Revenue Bonds, Series 2010A for the purpose of improving existing plant facilities, providing additional interceptor capacity, and paying costs of issuance. The bonds bear interest at a rate of 0.1% to 3.25% per annum and mature serially on August 1 of each year.
11. During the year, it was determined that the sludge filter presses, the sludge incinerator and the carbon regeneration furnaces would no longer be used. As a result, remaining value of these assets will be written off. The original combined cost of the filter presses and sludge incinerator was estimated to be \$7,432,000 with accumulated depreciation of \$5,574,000. The original cost of the carbon regeneration furnaces was estimated to be \$2,961,357 with accumulated depreciation of \$2,221,018. The total net loss of impairment was \$2,598,339, which is recorded as a Special Item in the financial statements.

TRINITY RIVER AUTHORITY OF TEXAS
CENTRAL REGIONAL WASTEWATER SYSTEM ENTERPRISE FUND

SCHEDULE OF EXPENSES - BUDGETED AND ACTUAL
YEAR ENDED NOVEMBER 30, 2010

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
SEWAGE TREATMENT:			
Personal Services:			
Salaries	\$ 8,576,620	\$ 8,576,620	\$ 8,563,048
Payroll Taxes - FICA	656,110	656,110	634,910
Employee Benefit - Health/Life Insurance	1,487,530	1,487,530	1,487,529
Employee Benefit - Pension	968,960	968,960	873,156
Unemployment Compensation	21,560	26,560	24,563
Employee Recognition Program	15,000	86,000	84,569
Employee Benefit - Education	20,700	20,700	4,652
Total	11,746,480	11,822,480	11,672,427
Supplies:			
Office Supplies	57,640	57,640	49,126
Dues and Subscriptions	78,970	78,970	73,487
Fees - Other Than Dues and Subscriptions	114,690	114,690	107,029
Maintenance and Operating Supplies	217,980	267,980	237,820
Laboratory Supplies	349,710	379,710	348,794
Process Chemicals and Supplies	4,812,720	4,302,720	3,997,982
Fuel, Oil and Lubricants	318,200	318,200	247,085
Computer Software, Lic. & Instr. Supplies	129,140	129,140	129,475
Total	6,079,050	5,649,050	5,190,798
Other Services and Charges:			
Auditing	61,990	61,990	45,800
Engineering	433,230	433,230	384,409
Legal	21,200	21,200	2,756
Outside Services	469,310	469,310	309,187
Other Professional Services	273,820	298,820	280,378
IT Support Services	611,950	611,950	488,258
Telephone and Telemetering	78,180	78,180	68,945
Postage	13,100	13,100	9,768
Printing and Binding	3,930	8,930	8,013
Insurance	281,920	281,920	281,920
Travel	30,150	30,150	23,689
Laundry, Uniforms and Ind. Equipment	62,410	82,410	69,958
Training	57,940	57,940	44,054
Utilities	93,000	203,000	98,230
Power	6,646,830	6,275,830	5,768,971
Repairs and Maintenance - Collection	635,000	1,010,000	973,988
Repairs and Maintenance - Equipment	225,900	277,900	199,254
Repairs and Maintenance - Plant & Bldgs.	1,395,000	1,695,000	1,581,277
Repairs and Maintenance - Vehicles	41,900	41,900	40,201
Total	11,436,760	11,952,760	10,679,056
Total Forward	11,436,760	11,952,760	10,679,056

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Total Forward	\$ 11,436,760	\$ 11,952,760	\$ 10,679,056
Other Services and Charges (Continued):			
Repair and Maintenance - Electrical	934,000	762,000	741,026
Off-site Bio-Solid Land Application	3,674,870	3,674,870	3,624,426
Rent - Machinery and Equipment	67,060	77,060	69,739
Administrative Overhead	2,462,720	2,462,720	2,462,720
Total	18,575,410	18,929,410	17,576,967
TOTAL OPERATING EXPENSES EXCLUSIVE OF DEPRECIATION	36,400,940	36,400,940	34,440,192
CAPITAL OUTLAYS - Machinery and Equipment*	341,470	341,470	278,938
DEBT SERVICE:			
Bond Principal Payments	23,140,000	23,140,000	23,140,000
Interest on Long-Term Debt**	22,355,520	22,355,520	22,355,520
Paying Agent Fees	4,000	4,000	4,600
SEC Disclosure Fees	16,800	16,800	16,333
TOTAL DEBT SERVICE	45,516,320	45,516,320	45,516,453
TOTAL**	\$ 82,258,730	\$ 82,258,730	\$ 80,235,583

* Capital outlays for construction and certain other financing costs are excluded. Those budgets are adopted on a project basis.

** For Interest on Long-Term Debt, amounts represent interest expense net of amount paid from escrow and exclude amortization of bond premium/discount and deferred amount on refunding.

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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.

LAW OFFICES

McCALL, PARKHURST & HORTON L.L.P.

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700 N. ST. MARY'S STREET
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SAN ANTONIO, TEXAS 78205-3503
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Facsimile: 210 225-2984

TRINITY RIVER AUTHORITY OF TEXAS REGIONAL WASTEWATER
SYSTEM REVENUE REFUNDING BONDS, SERIES 2011, DATED JUNE 1, 2011,
IN THE PRINCIPAL AMOUNT OF \$69,280,000

AS BOND COUNSEL FOR THE ISSUER (the "Issuer") of the Bonds described above (the "Bonds"), we have examined into the legality and validity of the Bonds, which mature in the amounts and on the dates, and bear interest from the dates specified in the text of the Bonds, until maturity, at the rates and payable on the dates as stated in the text of the Bonds, all as provided in the resolution of the Issuer authorizing the issuance of the Bonds (the "Bond Resolution").

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

BASED ON SAID EXAMINATION, IT IS OUR OPINION that said Bonds have been authorized, issued and duly delivered in accordance with law; and that except as may be limited by laws applicable to the Issuer relating to federal bankruptcy laws and any other similar laws affecting the rights of creditors of political subdivisions generally, which rights may be limited by general principles of equity which permit the exercise of judicial discretion, (i) the covenants and agreements in the Bond Resolution constitute valid and binding obligations of the Issuer, and the Bonds constitute valid and legally binding special obligations of the Issuer, which, together with other bonds, are secured by and payable from a first lien on and pledge of the Issuer's "Net Revenues" from "Contracts" (as such terms are defined in the Bond Resolution) between the Authority and the Contracting Parties specified in the Bond Resolution, being the Town of Addison and the Cities of Arlington, Bedford, Carrollton, Cedar Hill, Colleyville, Coppell, Dallas, Duncanville, Euless, Farmers Branch, Fort Worth, Grand Prairie, Grapevine, Hurst, Irving, Keller, Mansfield, North Richland Hills, and Southlake, Texas, and the Dallas-Fort Worth International Airport Board, and which may in the future include additional parties, and (ii) said Contracts are authorized by law, have been duly executed, are valid, and are legally binding upon and enforceable by the parties thereto in accordance with their terms and provisions.

THE ISSUER has reserved the right, subject to the restrictions stated in the Bond Resolution, to issue Additional Bonds payable from and secured by a first lien on and pledge of the aforesaid "Net Revenues" from "Contracts" on a parity with the Bonds.

THE ISSUER also has reserved the right to amend the Bond Resolution with the approval of the holders of 2/3rds of the aggregate principal amount of all parity revenue bonds then outstanding, subject to the restrictions stated in the Bond Resolution.

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

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

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

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

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

OUR SOLE ENGAGEMENT in connection with the issuance of the Bonds is as Bond Counsel for the Issuer, and, in that capacity, we have been engaged by the Issuer for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Bonds for federal income tax purposes, and for no other reason or purpose. 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 Net 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 Net Revenues. Our role in connection with the Issuer's offering document prepared for use in connection with the sale of the Bonds has been limited as described therein.

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

Respectfully,

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Financial Advisory Services
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