

TRINITY RIVER AUTHORITY OF TEXAS
REGIONAL WASTEWATER SYSTEM REVENUE BONDS
SERIES 2010, \$107,180,000

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TAB 1

APPLICATION FOR FINANCIAL ASSISTANCE

**To The
TEXAS WATER DEVELOPMENT BOARD**

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

APPLICANT:

**TRINITY RIVER AUTHORITY OF TEXAS
CENTRAL REGIONAL WASTEWATER SYSTEM**

\$371,865,000 Revenue Bonds,

(Application Dated: August 31, 2009)

PREPARED BY:

 **First Southwest Company**

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GENERAL INFORMATION:

(1) Applicant

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

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

Central Regional Wastewater System

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 in 1960. 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 sixteen 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 200 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.

In March 1992, the System's Five Year Plan for the period 1992-1996 was developed. The objective of this plan was to identify System improvements that would be required over the next five year period such that the System could continue to transport and treat all projected flows to be generated within the service area according to State effluent permit standards.

Since 1992, the Authority has conducted planning in five year time periods including both rehabilitation and upgrade improvements to the collection and treatment system to meet ongoing and future demands. The 2007 Five Year Plan Update was the primary basis and support for the issuance of bonds to the Texas Water Development Board for \$300 million. The 2007 SRF loan funded approximately 54 projects. The proceeds from the State Revolving Funds have been used to initiate planning, design, and construction of improvements to the collection system and treatment plant expansion and rehabilitation. The 2007 Plan also included planning and recommendations for the next five year time horizon.

The Project

Following similar procedures implemented in the past planning periods, the Authority has prepared the 2009 Five Year Plan Update that presents detailed listings and estimated costs of needed system improvements in all areas of the collection and treatment of the entire wastewater system. The Authority's 2004 Phase IV Infiltration and Inflow Assessment report identified a number of priority relief and rehabilitation projects for implementation. Seventeen projects are recommended for implementation under the current funding package. The design work for five of these projects was funded under previous bond programs and is now proposed for construction. Ten projects are scheduled for design and construction under the FY 2009 SRF loan. The remainder of these projects is scheduled for design under the Series 2009 bond, with construction scheduled under subsequent bond series.

The 2009 Preliminary Design Report and the 2005 Phase IV Master Plan proposed a number of expansion and treatment improvements to insure that the plant can reliably treat current flows, with proposed future expansion to handle projected growth. The majority of the projects proposed for initial funding are directed toward replacement of aging equipment, additional treatment units, and improvements to enhance the plant's reliability and increase treatment capacity.

These details are contained in the 2009 Five Year Plan Update and Summary of Proposed Capital Improvements attached as Appendix A.

(2) Official Representative

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

(3) Trinity River Authority of Texas Board of Directors

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

(4) (a) Project Engineer

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

(b) Bond Counsel

McCall, Parkhurst & Horton L.L.P.
Chuck Kobdich
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Dallas, Texas 75201-6587
Phone: (214) 754-9236
Fax: (214) 754-9250
E-mail: ckobdich@mphlegal.com

(c) Other Legal Counsel

None

(d) Financial Advisor

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First Southwest Company
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Dallas, Texas 75201
Phone: (214) 953-4021
Fax: (214) 953-4050
E-mail: mwilliams@firstsw.com

(5) Comprehensive Description of the Project

See - Appendix A – Engineering Report - Executive Summary

(6) Ownership

The Project will be owned by the Authority.

(7) Engineer's Itemized Project Cost Estimate – Sources and Uses of Funds
(include all costs – construction, engineering services, legal and fiscal costs and funding sources)

See - Appendix A – Engineering Report

FISCAL INFORMATION:

(1) Security of Debt Issue

Bond Description: The Regional Wastewater System is requesting the approval of an approximate \$371,865,000 financing agreement with the TWDB. The Series 2009 Bonds will mature on February 1 in each of the years 2012 through 2031. Interest is payable on each February 1 and August 1 commencing February 1, 2010, and is calculated on the basis of a 360-day year of twelve 30-day months. The Bonds are callable as a whole, or in part in inverse order of maturity, at the option of the Authority, on August 1, 2019 and on any date thereafter, at the price of par, plus accrued interest to the date of redemption. The Bonds will be issued in Book-Entry-Only form through the facilities of The Depository Trust Company ("DTC"). See "Book-Entry-Only" below. **(Note: The Bond Description is for illustration purposes only; the actual amount and dating is subject to change).**

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

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

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

(3) Issues that may affect repayment of debt:

None determined at this time.

(4) Circumstances surrounding prior default(s).

The Authority has never defaulted.

(5) Total Outstanding Debt.

(a) Revenue Debt

	Outstanding Debt Service	Series 2009 SRF Bonds			Total Outstanding Debt Service
		Principal	Interest	Total	
11/30/2010	\$ 46,409,039	\$ -	\$ 4,566,105	\$ 4,566,105	\$ 50,975,144
11/30/2011	47,226,484	-	11,728,968	11,728,968	58,955,451
11/30/2012	48,224,431	5,000	16,203,863	16,208,863	64,433,294
11/30/2013	48,691,384	10,000	16,203,788	16,213,788	64,905,171
11/30/2014	49,141,756	2,675,000	16,203,608	18,878,608	68,020,364
11/30/2015	49,702,159	2,165,000	16,151,445	18,316,445	68,018,604
11/30/2016	50,056,540	1,860,000	16,102,733	17,962,733	68,019,273
11/30/2017	49,904,018	2,055,000	16,057,163	18,112,163	68,016,180
11/30/2018	41,052,168	11,125,000	16,002,705	27,127,705	68,179,873
11/30/2019	41,393,638	11,115,000	15,674,518	26,789,518	68,183,155
11/30/2020	41,389,730	11,465,000	15,324,395	26,789,395	68,179,125
11/30/2021	41,396,115	11,865,000	14,923,120	26,788,120	68,184,235
11/30/2022	41,393,510	12,305,000	14,484,115	26,789,115	68,182,625
11/30/2023	41,390,503	12,785,000	14,010,373	26,795,373	68,185,875
11/30/2024	41,392,395	13,290,000	13,498,973	26,788,973	68,181,368
11/30/2025	41,389,805	13,835,000	12,954,083	26,789,083	68,178,888
11/30/2026	41,392,473	14,430,000	12,359,178	26,789,178	68,181,650
11/30/2027	41,392,203	15,070,000	11,724,258	26,794,258	68,186,460
11/30/2028	41,388,368	15,750,000	11,046,108	26,796,108	68,184,475
11/30/2029	9,927,803	47,925,000	10,329,483	58,254,483	68,182,285
11/30/2030	8,576,753	51,480,000	8,124,933	59,604,933	68,181,685
11/30/2031	-	62,455,000	5,731,113	68,186,113	68,186,113
11/30/2032	-	58,200,000	2,764,500	60,964,500	60,964,500
	\$ 862,831,270	\$ 371,865,000	\$ 292,169,520	\$ 664,034,520	\$ 1,526,865,790

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

Not applicable

(7) Direct and Overlapping Tax Rate

Not applicable

(8) Assessed Valuation Per Capita

Not applicable

(9) Five Year Sales Tax Collection History

Not applicable

(10) Proforma

(a) System Net Revenues No Growth Pro-Forma

See – Appendix B - Proforma

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

Not Applicable

(11) Top Ten Water Customers (FYE 2008)

See - Appendix C – Contracting Parties information

Top Ten Waste Water Customers (FYE 2008)

See - Appendix C – Contracting Parties information

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

(a) Waterworks and Sewer System Statement of Operations

See – Appendix C – Contracting Parties Information

(13) Water and Wastewater Rates and Usage

See - Appendix C – Contracting Parties information

(14) Taxable Assessed Valuation

(a) 5 Year Historical Data

Not applicable

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

Not applicable

(15) Top Ten Taxpayers

Not applicable

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

Not applicable

(17) Audit Report

Copy of the Authority FYE 2008 audit report is provided under separate cover.

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

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

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

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

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

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

(21) Current outstanding bond ratings.

The Authority's Regional Wastewater System Revenue Bonds are rated "Aa3" by Moody's Investors Service, "AA+" by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. and "A+" by Fitch Ratings, without regard to credit enhancement.

COMMUNITY INFORMATION

(1) Median Household Income

Not applicable

(2) Unemployment Rate

Not applicable

(3) Percentage of Area below Poverty Level

Not applicable

(4) Median Age of Work Force

Not applicable

(5) Largest Employers

Not applicable

LEGAL INFORMATION

(1) One (1) certified original and three (3) copies of a resolution requesting financial assistance and identifying the amount of requested assistance, designating the authorized representative to act on behalf of the governing body, and authorizing the representative to execute the application, appear before the board on behalf of the applicant, and submit such other documentation as may be required by the executive administrator or the board.

See - Appendix D - Resolution

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

See - Appendix E - Application Affidavit

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

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

Not applicable

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

Not applicable

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

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

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

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

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

See - Appendix D – Resolution

(6) Certificate of Convenience and Necessity

Not applicable

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

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

A

Trinity River Authority of Texas



Central Regional Wastewater System

***2009 Five Year Plan Update
and Summary of Proposed
Capital Improvements***



FINAL DRAFT

August 2009



**ALAN PLUMMER
ASSOCIATES, INC.**

ENVIRONMENTAL ENGINEERS - DESIGNERS - SCIENTISTS

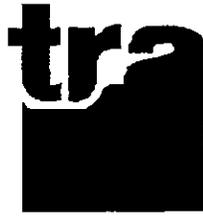


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APPENDIX

Detailed CIP List

CHAPTER I EXECUTIVE SUMMARY

BACKGROUND AND HISTORY

The Trinity River Authority's Central Regional Wastewater System (CRWS) is a large regional wastewater system currently serving approximately 1.2 million customers in Dallas, Tarrant, Ellis, Johnson, and Denton counties of north central Texas. Since 1992, the Authority has conducted planning in five-year time horizons for both rehabilitation and upgrade improvements to the collection and treatment systems to meet ongoing and future demands. This 2009 Plan prioritizes improvement projects for funding through multiple bond sales during the 2009 - 2013 time frame.

In 2009, Freese and Nichols, Inc. submitted the Preliminary Design Report (PDR), which included refinements to the improvement recommendations for the treatment plant facilities previously identified in the 2005 Phase IV Master Plan. In 2004, Black & Veatch submitted the Phase IV Infiltration and Inflow Assessment report, which recommended improvements to the collection system, including interceptor relief and rehabilitation, meter station improvements, and manhole and siphon rehabilitation. The Authority has subsequently contracted with various consulting firms to initiate many of the improvement projects identified in these reports. Information provided by the engaged consultants were used along with these reports to develop the Bond Program presented in this document.

This document outlines a program of capital improvements involving collection system improvements as well as rehabilitation and expansion of the wastewater treatment plant. These projects have been prioritized for proposed funding through Current Revenue Bonds (Series 2009), Near Term Revenue Bonds (Series 2011), and Future Revenue Bonds (beyond 2011). The Series 2009 Bond Program will fund the construction phase of projects that were designed under previous bond programs as well as both the design and construction phases of new projects. As project costs and improvement alternatives and priorities are further refined, it is anticipated that some Series 2009 funds may be used to fund projects that are scheduled in this Plan for subsequent bond series.

OBJECTIVE

The objective of this report is to summarize the need and projected costs for proposed capital improvements in the CRWS collection system and treatment plant for Current, Near Term, and Future bond funding.

Capital improvements totaling \$306.0 million are recommended for current funding in the Authority's proposed 2009 Bond Program. Approximately \$122.3 million in improvement costs are recommended to be applied toward the collection system improvements and approximately \$183.7 million are recommended to be applied toward the treatment plant expansion and rehabilitation.

KEY FINDINGS AND RECOMMENDATIONS

The key finding and recommendations of this report are summarized below:

- **Population and Wastewater Flow Projections** The population and wastewater flows within the CRWS are increasing at a lesser rate than projected in the 2004 Phase IV Infiltration and Inflow Assessment report. The average daily wastewater flow for FY2008 was 130.6 million gallons per day (MGD). Recently updated flow projections indicate that average daily wastewater flows will likely increase to 147.9 MGD by the year 2015.
- **Current Collection System Improvements** The Authority's 2004 Phase IV Infiltration and Inflow Assessment report identified a number of priority relief and rehabilitation projects for implementation. Twenty-four projects, totaling \$122.3 million, are recommended for implementation under the Current funding package (Series 2009). The design work for six of these projects was funded under previous bond programs. Ten projects are scheduled for design and construction under the Series 2009 bond. The remainder of these projects are scheduled for design under the Series 2009 bond, with construction scheduled under subsequent bond series.
- **Current Treatment Plant Improvements** The 2009 PDR and the 2005 Phase IV Master Plan proposed a number of expansion and treatment improvements to insure that the plant can reliably treat current flows, with proposed future expansion to handle projected growth. The majority of the projects proposed for initial funding are directed toward replacement of aging equipment, additional treatment units, and improvements to enhance the plant's reliability and increase treatment capacity. Improvements totaling approximately \$183.7 million are recommended under the 2009 Revenue Bond.
- **Near Term Capital Improvements** Funding required for the identified priority projects that were not included in the Series 2009 package has been phased into the Series 2011 package. Revenue bonds for these improvements to the treatment plant and collection system are anticipated to total approximately \$274.0 million.
- **Future Capital Improvements** Additional capital improvements are anticipated beyond 2011 for plant and collection system capacity upgrades. Improvements to the treatment plant and collection system have been identified for the 2012/2013 time frame as well as for the time period beyond 2013. Although the timing of the future improvements may be adjusted to respond to growth and other issues, capital programs are generally anticipated in the amount of \$378.3 million.

CHAPTER II INTRODUCTION

BACKGROUND

The Trinity River Authority's Central Regional Wastewater System is a large regional wastewater system currently serving approximately 1.2 million customers in Dallas, Tarrant, Ellis, Johnson, and Denton counties of north central Texas. The service area encompasses all or portions of 20 cities in the Dallas/Fort Worth Metroplex as well as the Dallas/Fort Worth International Airport. This system consists of an extensive regional interceptor network and a large activated sludge wastewater treatment plant currently permitted to treat a monthly average of 162 million gallons per day (MGD). 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. Projects proposed for funding under the 2004 bond program are now underway or are scheduled for implementation in the near future.

The most recent update to the CRWS 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.

OBJECTIVES

This 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:

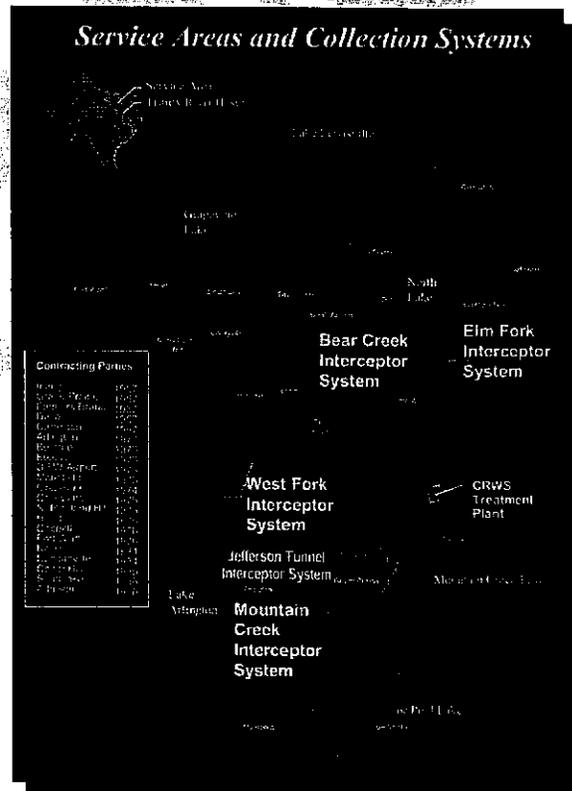
- Treatment Plant Component Reliability and Capacity Expansion Improvements
- Interceptor Relief Improvements
- Interceptor and Plant Rehabilitation Improvements
- Pumping and Screening System Improvements
- Biosolids Stabilization and Processing Improvements
- Plant Control System Improvements
- Wet 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

Probable costs for needed improvements in each of these areas are presented in subsequent chapters. The recommended improvement projects have been slated into Current, Near Term, and Future funding categories. Those improvements with the highest priority are identified for "Current" funding in a proposed Series 2009 Bond program. Details of these improvements are presented in Chapters III and IV. Funding required for the identified priority projects that were not included in the Series 2009 package has been phased into the Series 2011 package. These improvements are described in Chapter V. An additional smaller bond sale, primarily directed toward land rights acquisition, is also described in Chapter V. Presented in Chapter VI are improvements identified for funding in future bond programs scheduled for 2013 and beyond.

SERVICE AREA

The Central Regional Wastewater System currently serves an area of approximately 467 square miles which encompasses portions of the Elm Fork and Lower West Fork watersheds of the Trinity River. The majority of the service area lies in Tarrant and Dallas counties, with some service to portions of Ellis, Johnson, and Denton counties.

The figure to the right shows the treatment plant location and the approximate boundaries of this system's service area. The service area is bounded to the east and west by contractually established service areas within the cities of Dallas and Fort Worth. The system includes approximately 138 meter stations



distributed throughout its 200-mile plus regional interceptor system.

Each customer entity operates its own internal collection system within the city boundaries and has its flow to the regional interceptor system metered (or otherwise accounted for) for proportionate allocation of system costs. The service area includes all or portions of the following entities: Addison, Arlington, Bedford, Carrollton, Cedar Hill (partially served), Colleyville, Coppell, Dallas (partially served), DFW International Airport, Duncanville (partially served), Euless, Farmers Branch, Fort Worth (partially served), Grand Prairie, Grapevine (partially served), Hurst (partially served), Irving, Keller (partially served), Mansfield, North Richland Hills (partially served), and Southlake (partially served).

Regional planning efforts conducted by the North Central Texas Council of Governments (NCTCOG), which included input from surrounding local government entities, indicate that very few major service area boundary extensions are anticipated in the foreseeable future.

POPULATION AND FLOW PROJECTIONS

Population and wastewater flow projections for the Central Regional Wastewater System were developed in 2004 as part of the I/I Assessment effort performed by Black & Veatch.

In addition, population projections for each customer city are detailed in the table to the right. The projections at the right reflect final 2000 census figures and total city population, although several cities are only partially served by the CRWS. Projected future populations are based on estimates prepared by the Texas Water Development Board (TWDB). CRWS service area population projections are detailed in the 2004 I/I Assessment Report.

Figure II-1 graphically depicts historical and projected annual average daily flows for the Central Regional Wastewater System. The actual flows are shown for the years 1996 through 2008 and projected flows are presented for the years 2010 through 2015. Wastewater flows observed at the Central Plant from 2004 through 2008 have been less than those projected in the 2004 I/I Assessment report. As such, the projected flows depicted in this figure reflect recent updates to the flow projections by the Authority. It is recommended that Authority management continue its

Population Projections for CRWS Member Cities				
City	2000 Census	Projected Populations		
	2000 Census	2010	2020	2030
ADDISON	14,166	17,919	20,534	22,358
ARLINGTON	332,969	390,000	453,656	485,000
BEDFORD	47,152	50,001	52,395	54,407
CARROLLTON	109,576	121,000	124,000	128,500
CEDAR HILL	32,093	46,255	59,124	69,927
COLLEYVILLE	19,636	26,183	28,856	29,947
COPPELL	35,958	40,415	40,577	40,715
DALLAS	1,188,580	1,312,324	1,451,878	1,525,450
DUNCANVILLE	36,081	37,100	38,069	38,988
EULESS	46,005	53,446	60,416	63,854
FARMERS BRANCH	27,508	30,470	33,161	35,608
FORT WORTH	534,694	632,940	786,306	953,237
GRAND PRAIRIE	127,427	175,987	212,932	250,345
GRAPEVINE	42,059	51,352	58,023	62,812
HURST	36,273	38,829	41,224	42,841
IRVING	191,615	219,238	240,099	255,853
KELLER	27,345	40,285	48,097	48,097
MANSFIELD	28,031	51,086	71,622	92,365
NORTH RICHLAND HILLS	55,635	64,861	73,503	79,341
SOUTHLAKE	21,519	35,578	43,543	48,138
TOTALS	2,954,322	3,435,269	3,938,015	4,327,783

Notes
1. Populations shown are as reported by the Texas Water Development Board, February 2001. Total city populations are recorded, although only part of some cities lie in the Authority's sewer shed.
2. Refer to the CRWS Phase IV Infiltration/Inflow Assessment prepared by Black and Veatch in 2004 for detailed sewer shed populations.

practice of monitoring system growth rates and that future capital programs be initiated at times that appropriately respond to system growth.

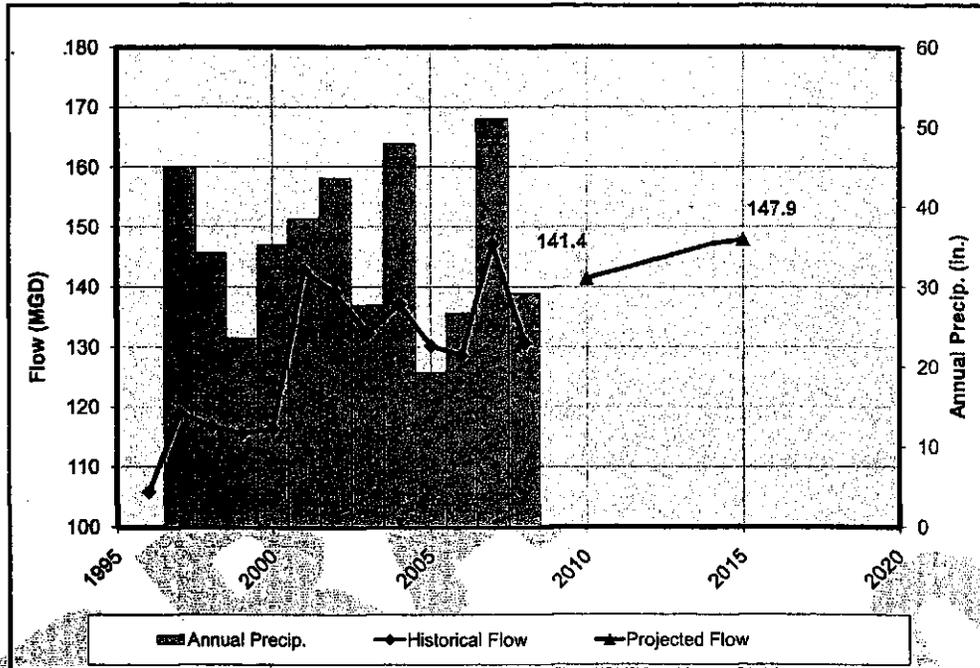


Figure II-1
CRWS Historical and Projected Annual Average Daily Flows

CHAPTER III COLLECTION SYSTEM IMPROVEMENTS

INTRODUCTION

The Authority currently owns and operates more than 200 miles of interceptors within the Central Regional Wastewater System. A comprehensive infiltration and inflow (I/I) assessment was substantially completed by the Authority and its consultant (Black & Veatch) in 2004. This comprehensive planning effort identified and prioritized interceptor relief and rehabilitation improvements needed system-wide. The investigation formed the basis for proceeding with detailed design and easement acquisition for a number high priority projects and continues to form the basis for proceeding with a number of major relief improvements.

2009 Bond Program

Collection system improvement projects proposed for the 2009 bond program are listed in Table III-1 and depicted in Figure III-1. Twenty-four projects, totaling \$122.3 million, are recommended for implementation. Six interceptor projects designed under previous bond programs are now proposed for construction. Ten other projects are proposed for design and construction under the Current 2009 bond program. The remaining projects are proposed for study or design, with construction to be funded in the Near Term or Future capital programs. Cost projections for Near Term and Future collection system improvement projects are presented in Chapters V and VI.

COLLECTION SYSTEM RELIEF IMPROVEMENTS

Elm Fork Interceptor System Relief Improvements

EF-3 Elm Fork (1900E to 1675E): This project will provide 3,532 feet of 30-inch diameter relief pipeline.

Mountain Creek Interceptor Relief Improvements

MC-3 Mountain Creek (976M to 1010M): This project will provide 8,177 feet of 30-inch to 33-inch diameter pipeline and 2,200 feet of 24-inch and 21-inch pipeline. The project includes 600 feet of boring under SH 360 and Great Southwest Parkway.

MC-5 & MC-6 Mountain Creek - Phase II: this project will provide 10,134 feet of 90-inch diameter relief pipeline.

East Mountain Creek Interceptor from NELV to MC-5: This project will provide for the relief/rehabilitation of 22,000 feet of 48-inch to 60-inch diameter pipeline, and includes an evaluation and recommendations for rehabilitation of existing metering station MS5.3M.

30MC-1 Mountain Creek (60M to 5105W): This project will provide 7,064 feet of 54-inch diameter relief pipeline.

**Table III-1 Collection System Improvements
Series 2009 Funding**

Project ID	Project Name	Dia (in.)	Length (ft)	Preliminary Engineering	Engineering/Surveying	Contract Admin	Construction	Inspection	Total
C-005	WF-10 & WF-13 (3720W_6802W) & (3760W_3759W)	15	5595		\$702,954	\$113,554	\$5,677,707	\$283,885	\$6,778,100
C-007	WF-12	24	2439		\$55,328	\$16,225	\$811,289	\$40,564	\$923,406
C-011	WF-6 & WF-14 (800W_740W) & (3150W_3079W)	16, 24, 48	8523	\$113,381	\$33,709	\$47,620	\$2,381,005	\$119,050	\$2,694,766
C-012	WF-15, WFXIA2 & WF-R3 (3591W_3581W), (800W_830W) & (Sulfur Branch)	12, 36	9739			\$43,780	\$2,005,631	\$158,760	\$2,208,172
C-013	EF-3 (1900E_1675E)	30	3532	\$203,280	\$345,692	\$85,378	\$4,268,880	\$213,444	\$5,116,673
C-019	JT-R1 (FM1170J_120J)	15-24	6800			\$53,590	\$2,679,495	\$133,975	\$2,867,060
C-024	Interceptor Rehabilitation			\$170,750	\$443,949	\$71,715	\$3,585,743	\$179,287	\$4,451,444
C-030	MC-3 (976M_1110M)	21-33	10877			\$127,948	\$6,397,379	\$319,869	\$6,845,195
C-032	WF-R1 (Boyd Branch)	24-30	12600			\$93,713	\$16,249,455	\$812,473	\$17,155,641
C-039	EF-R1 (70E_10M)	36-72	13213		\$1,353,206				\$1,353,206
C-040	EF-R2 (1340E_10M)	72	8041		\$1,095,276				\$1,095,276
C-041	EF-R3 (1705E_1600E, parallel to EF-6)	66	12908		\$1,318,590				\$1,318,590
C-044	Meter Station Projects - Ph 1					\$20,650	\$4,746,000	\$51,625	\$4,818,275
C-048	LS-5 & LS-5A				\$286,650	\$44,100	\$2,205,000	\$110,250	\$2,646,000
C-057	MC-5 & MC-6 Ph 2	90	10134		\$601,020	\$309,750	\$15,487,500	\$184,800	\$16,583,070
C-086	10WF-1 (5164W_5110W)	72/84	14894	\$1,014,731	\$2,638,300				\$3,653,030
C-093	30MC-1 (60M_5105W)		7064	\$266,218	\$692,165				\$958,383
C-097	Coppell Interceptor & EF-North	33/72	30000		\$1,764,000	\$275,625	\$13,430,404	\$388,080	\$15,858,109
C-098	EMC from NELV to MC-5	48-60	22000			\$247,776	\$12,388,793	\$176,400	\$12,812,968
C-100	CAC-11 (parallel EF-1)	96	17300		\$3,524,678				\$3,524,678
C-108	Manhole Inspections and Rehabilitation - Ph 2			\$25,813	\$67,113	\$10,841	\$542,063	\$35,280	\$681,109
C-113	CMOM Implementation - Ph 2			\$262,500					\$262,500
C-117	Phase VI I/I Assessment - Ph 1			\$330,750					\$330,750
C-000	Contingency						\$7,404,696		\$7,404,696
Total				\$2,387,422	\$14,922,629	\$1,562,265	\$100,261,039	\$3,207,742	\$122,341,097

West Fork Interceptor Relief Improvements

WF-6 & WF-14 West Fork (800W to 740W and 3150W to 3079W): This project will provide 5,150 feet of 48-inch diameter pipeline, 3,663 feet of 24" diameter pipeline, and 800 feet of 16-inch diameter pipeline.

WF-10 & WF-13 West Fork (3720W to 6802W and 3760W to 3759W): This project will provide 5,750 feet of 18-inch diameter pipeline and 25 feet of 27-inch diameter pipeline, as well as improvements to existing metering stations 15.0W and 16.0W.

WF-12 West Fork: This project will provide 2,390 feet of 27-inch diameter relief pipeline.

WF-15, WFXIA2 & WF-R3 West Fork (3591W to 3581W, 800W to 830W & Sulfur Branch): This project will provide for the relief/rehabilitation of 970 feet of 12-inch diameter pipeline, 1,400 feet of 33-inch to 36-inch diameter pipeline, and 7,369 feet of 27-inch to 36-inch diameter pipeline.

10WF-1 West Fork (5164W to 5110W): This project will provide 14,900 feet of 72-inch to 84-inch diameter relief pipeline.

COLLECTION SYSTEM REHABILITATION IMPROVEMENTS

The recommended collection system rehabilitation improvements consist of interceptor and force main rehabilitation. The purpose of the rehabilitation improvements is to reduce I/I flow and to accomplish major structural repairs needed to restore structural integrity of the pipeline. The need for these improvements is based on the findings of field inspections and/or the 2004 Phase IV Infiltration and Inflow Assessment report.

The existing CRWS collection system consists of five major interceptors:

- Bear Creek Interceptor System
- Elm Fork Interceptor System
- Jefferson Tunnel Interceptor System
- Mountain Creek Interceptor System
- West Fork Interceptor System

These systems have a combined total of approximately 200 miles of pipelines ranging in diameter from 12 to 108 inches. The majority of these interceptors have been constructed of reinforced concrete pipe.

The Authority has made progress toward systematic video inspection of its interceptor system as was recommended in the 1992 Five Year Plan. Through a coordinated effort using Authority personnel, recently-acquired video inspection equipment, and outside contractors, the Authority has initiated video inspection of its interceptor system. These video inspection efforts have confirmed the need for a number of rehabilitation projects. Additional projects (such as cleaning of interceptor pipelines) have also been identified as high-priority tasks, but will be funded through the system's annual operation and maintenance budget.

Collection system rehabilitation improvement projects recommended for funding under the Current Series 2009 program are described below.

Elm Fork Interceptor System Rehabilitation Improvements

EF-R1 Elm Fork (70E to 10M): This project will provide for the rehabilitation of 8,100 feet of 72-inch diameter pipeline.

EF-R2 Elm Fork (1340E to 10M): This project will provide for the rehabilitation of 8,041 feet of 72-inch diameter pipeline.

EF-R3 Elm Fork (1705E to 1600E, parallel to EF-6): This project will provide for the rehabilitation of 12,908 feet of 66-inch diameter pipeline.

Coppell Interceptor & EF-North: This project involves evaluation for rehabilitation of approximately 5,000 feet of 33-inch pipeline along the Coppell Interceptor and 20,000 feet of 72-inch pipeline along the Elm Fork North Interceptor. Also included is an evaluation with recommendations for rehabilitation of existing metering station MS 18.0E.

CAC-11 (parallel EF-1): This project will provide for the relining of 17,300 feet of 96-inch diameter pipeline with an insertion pipeline. Preliminary engineering is underway and defects in this 25 year old pipeline have been identified warranting protection. This project is critical for capacity in the Elm Fork system given delays in completing project EF-2 upstream.

Jefferson Tunnel Interceptor System Rehabilitation Improvements

JT-R1 Jefferson Tunnel (FM1170J to 120J): This project will provide for the rehabilitation of 6,800 feet of 15-inch to 24-inch diameter relief pipeline.

West Fork Interceptor System Rehabilitation Improvements

WF-R1 Boyd Branch: This project involves the replacement and rehabilitation of the Boyd Branch Interceptor from Meter Station 10.0W (at the downstream end) to S.H. 10 (at the upstream end). The project consists of the following approximate quantities: 11,050 feet of 30-inch to 42-inch; 2,000 feet of pipe burst 24-inch to 30-inch; 2,200 feet of 24-inch CIP; 28 manholes; 2 meter stations (replace 10.0W and 11.8W).

Manhole Inspections and Rehabilitation Improvements Phase 2

This project will provide for the inspection and rehabilitation of approximately seventy manholes throughout the CRWS collection system.

METER STATION PROJECTS

The Phase IV Infiltration and Inflow Assessment report recommended the rehabilitation of 41 meter stations impaired by design, location, or physical condition. Many of the meter station improvements will be completed during interceptor improvement projects. This project provides for evaluation of 33 existing permanent wastewater flow meter stations under the Current Series 2009 program, separate from any interceptor relief or rehabilitation projects. The project includes a detailed field assessment of the meter stations, an analysis of the collected data, recommendations for rehabilitation or replacement, and design of the

required improvements.

Structural rehabilitation: This project will include the structural modification of MS7.0B, MS9.2B, MS11.0B, MS11.8B, MS13.0B, MS15.0B, MS3.0E, MS7.0J, MS2.0W, MS11.0W.

Flume rehabilitation: This project will include flume rehabilitation for MS11.9B, MS12.9B, MS13.5B, MS2.0M, MS17.0W.

Relocation: This project will include the relocation of meter stations due to peak flows surcharging. The meter stations include MS8.0B, MS12.0B, MS13.6B, MS9.0J, MS3.0W, MS5.0W.

Access improvements: This project will include access improvements to MS1.0B, MS4.8B, MS7.5B, MS10.1B, MS8.0J, MS11.5W, MS11.6W, MS13.0W.

LIFT STATION PROJECTS

LS-5 is an old wet pit/dry pit lift station. LS-5A is a new deep wet well submersible pump lift station. This project examines the feasibility of diverting the flow to the LS-5 lift station through a new 30" interceptor laid across the Joe Pool Lake finger channel at the Lloyd Park boat ramp location and connecting the interceptor to the 54" MC-4A interceptor feeding the LS-5A lift station. The project will include evaluating the option to bypass lift station LS-5 via a gravity sewer to the interceptor upstream of lift station LS-5A. If the bypass interceptor is not feasible, a new smaller lift station would be cost effective compared to rehabilitating the existing structure, pumps, valves and fittings, and electrical system.

I/I MANAGEMENT AND MAINTENANCE ACTIVITIES

Presented in the 2004 Phase IV Infiltration and Inflow Assessment report was a list of recommended activities to help focus future I/I management efforts. These activities include the implementation of the CMOM program, long-range engineering and planning, system modeling improvements, inventory and inspection database upgrades, digital photo mapping, coordination of I/I management activities with customer city control programs, and initiation of a system-wide geographic information system. It is anticipated that many of the recommended activities will be implemented by TRA personnel using O&M funds and/or funded through future bonds. A beginning portion of these activities is planned in the Series 2009 program.

CHAPTER IV TREATMENT PLANT IMPROVEMENTS

The Central Regional Wastewater System (CRWS) treatment plant is an advanced secondary facility currently permitted to treat 162 million gallons per day (MGD). The 2005 Phase IV Master Plan of the CRWS plant made recommendations for improvements and new facilities required to provide a 2020 design capacity of 189 MGD with a peak 2 hour flow of 623 MGD. In 2009, Freese and Nichols, Inc. submitted the Preliminary Design Report (PDR), which included refinements to the improvement recommendations for the treatment plant facilities previously identified in the 2005 Phase IV Master Plan. The improvements and modifications necessary to support the proposed flows are designated as the Phase IV expansion, with implementation recommended in four subphases: IVA, IVB, IVC, and IVD.

The Phase IV expansion includes basic plant rehabilitation improvements, wet weather flow management improvements, and uprating of the conventional treatment plant to 189 MGD. Phase IVA projects were funded with the 2004 bonds. Preliminary design for many of the Phase IVB, C, and D liquids treatment facilities was addressed under the 2007 bonds. Treatment plant improvements funded through the Current Series 2009 program are generally aimed at replacement of aging facilities, improving critical system reliability, and providing wet weather flow storage and treatment. Development of long-term plans for solids improvements was initiated in 2009 and completion is anticipated in the first quarter of 2010. Major improvements proposed for funding in the 2009 Bond Issue are listed in Table IV-1. Twenty-three projects, totaling \$183.7 million, are recommended for implementation.

ON-SITE STORAGE SYSTEM IMPROVEMENTS, WET WEATHER PUMP STATION, AND BAR SCREENS

Federal regulations have mandated the elimination of sanitary sewer overflows and the transporting of all flows into wastewater treatment plants. These two conditions result in higher peak flows entering the CRWS plant. While historically facilities at the CRWS plant have been designed for a peaking factor of 2.5 (ratio of wet weather flow to design flow), recent modeling of the collection system has shown that when the flow restrictions in the collection system are removed, a peaking ratio of 3.3 may be anticipated. This increased peaking factor results in the need for either onsite storage or the construction of significant additional facilities to treat the increased peak flow during wet weather events. The construction of additional treatment facilities to accommodate these wet weather flows is not recommended as these facilities would operate very inefficiently during normal flow periods.

The Authority is proceeding with the construction of a 100 million gallon (MG) on-site storage basin located in the west monofill area. Peak flows in excess of 375 MGD (instantaneous rate) will be routed to the 100 MG on-site storage basin through fine screens and pumped back into the conventional treatment process stream after flows subside. The on-site storage also provides operational flexibility during normal flow conditions as well as in emergency situations. Construction of the wet weather pump station and bar screens is necessary for operation of the on-site storage basin, which is necessary to support the request for a plant uprating. Detailed design of the wet weather facilities are nearing completion and construction will be funded under the 2009 Bond Series.

**Table IV-1 Plant Improvements
Series 2009 Funding**

Project ID	Project Name	Preliminary Engineering	Engineering/Surveying	Contract Admin	Construction	Inspection	Total
P-005	On Site Storage System Improvements			\$1,243,223	\$62,161,155	\$3,108,058	\$66,512,436
P-007	PCS Phase 3 Improvements		\$992,250				\$992,250
P-010	ADA Improvements (restrooms, doorways, etc.)	\$11,025	\$28,665				\$39,690
P-013	Rehab Items - Ph 3 (in AECOM scope)			\$182,364	\$9,118,200	\$455,910	\$9,756,474
P-016	Corrosion/Odor Management Master Plan Update			\$5,737	\$286,859	\$14,343	\$306,940
P-017	Stage VIII Odor Improvements		\$441,000				\$441,000
P-021	Regulatory Issues	\$60,775					\$60,775
P-024	Five Year Plan Update	\$91,163					\$91,163
P-029	Pump Stations 13/13A Improvements Project			\$582,813	\$29,140,650	\$1,457,033	\$31,180,496
P-030	Effluent Filter Improvements - Phase 1			\$138,432	\$6,921,600	\$346,080	\$7,406,112
P-036	Disinfection Modifications: Alternative Disinfectant or Railcar Relocation		\$3,167,483				\$3,167,483
P-038	Vortex Grit Unit - #4 in Ph III Headworks	\$20,579	\$53,505				\$74,083
P-040	CRWS Phase IV-C Pump Station Improvements			\$123,448	\$6,172,378	\$308,619	\$6,604,444
P-041	Rehab Items - Ph 4 (NOT in AECOM scope)	\$403,051	\$1,047,931	\$169,281	\$8,484,062	\$423,203	\$10,507,528
P-043	Rehab Items - Ph 5 (includes corrosion)	\$551,250	\$1,433,250				\$1,984,500
P-044	PS 14 Improvements - Phase 1 (includes eddy current clutch replacement)	\$55,125	\$143,325	\$22,050	\$1,102,500	\$55,125	\$1,378,125
P-045	PS 6/8A Coarse Screens (before fine screens)	\$726,559	\$2,175,702	\$351,460	\$17,572,979	\$878,649	\$21,705,348
P-051	Corrosion/Odor Management - Indoor Air & A/C Chillers		\$573,300				\$573,300
P-052	PS 14 Improvements - Phase 2 (includes piping improvements to the service water system)	\$220,500	\$573,300				\$793,800
P-055	Solids Mgmt Improvements - Digester Rehabilitation			\$147,000	\$7,350,000	\$367,500	\$7,864,500
P-059	PS 7A Eddy Current Clutch Replacement & VFDs		\$275,625				\$275,625
P-061	CRWS Master Plan Update	\$826,875					\$826,875
P-000	Contingency				\$11,115,957		\$11,115,957
Total		\$2,966,901	\$10,905,336	\$2,965,808	\$159,406,340	\$7,414,519	\$183,658,903

PS 7A EDDY CURRENT CLUTCH REPLACEMENT, VFDS, & ACCESS BUILDINGS

Efficient and effective operation of the pump stations at the CRWS plant requires flexibility in the pumping capacities of the stations. Currently, flow variability is managed through eddy current couplings on numerous pumps. Eddy current coupling is old technology and the plant is no longer able to obtain replacement parts to maintain the equipment. It is recommended that variable frequency drives be installed.

PUMP STATIONS 13/13A IMPROVEMENTS

This project includes rehabilitation improvements at Pump Stations 13 and 13A, piping installation, and miscellaneous modifications. Pump Station 13 was constructed in the 1970s and requires rehabilitation because of leaking pipes, worn pumps and appurtenances, structural deterioration and obsolete electrical equipment. Besides the recommended Pump Station 13 rehabilitation improvements, there is also concern about the integrity of the 60-inch return activated sludge piping that runs east-west underneath the road between Trains 1-3 and 4-6.

Pump Station 13A was constructed in the early 1990s and has been operating for over 15 years. Most of the components are in acceptable working condition, but some rehabilitation items are required because of aging valves, worn impellers, structural deterioration and a lack of proper ventilation. Some additional modifications are required because of the obsolete eddy current clutch drives and the electrical equipment modifications required for the capacity uprating. TRA staff has reported needs for internal piping modifications and the design for two separate WAS and scum pipelines to the solids area.

PS 14 IMPROVEMENTS, PHASES 1 & 2

Improvements to PS 14 will likely be done in two phases. The first phase would address immediate rehabilitation and capacity issues for the pump station to continue to meet existing operational requirements. The second phase would involve a more complete rehabilitation of the pump station to meet future needs and improve long term reliability.

PHASE IV-C PUMP STATION IMPROVEMENTS

This project includes replacement of two existing bar screens at Pump Station 6 with two new Andritz fine screens, with a capacity of 175 MGD per screen. Ancillary equipment includes screenings conveyor, two washer compactors, stationary waste container compactor system, and piping from PS 6A washwater booster pumping system as well as all necessary structural, electrical and control modifications.

VORTEX GRIT UNIT #4 IN PHASE III HEADWORKS

The completion of Vortex Grit Unit No. 4 in the Phase III headworks is required for capacity increase, allowing additional flexibility in wet weather treatment operations.

DISINFECTION MODIFICATIONS: ALTERNATIVE DISINFECTANT OR RAILCAR RELOCATION

Due to concerns with site security and the future availability of gaseous chlorine, the Authority is currently investigating the benefits and costs associated with either 1) relocation of the chlorine rail car, or 2) various disinfection alternatives including onsite hypochlorite generation system, UV disinfection, and ozonation. The Authority would do one or the other, but not both. In the interim between the investigation and implementation of the findings, the plant must continue to disinfect all discharges. The equipment and piping associated with the current disinfection/dechlorination needs to be replaced in order to insure that the plant continue to meet effluent requirements. The rehabilitation involves replacing the existing chlorinators, sulfonators, and piping in order to allow continued operation until a decision is made and implemented regarding future disinfection.

PCS PHASE III IMPROVEMENTS

Process Control System (PCS) Phase I engineering is complete and is currently under construction. Phase III will include additional replacement of outdated control equipment throughout the plant. Additionally, this project will bring the networking technology up to current industry standards and provide additional IT security enhancements and data integrity improvements for the control system. Through this project, plant instrumentation improvements will also be made to repair or replace instruments as needed.

FILTER REPLACEMENT/UPGRADES AND HYDRAULIC IMPROVEMENTS

This project involves retrofitting 4 existing traveling bridge effluent sand filters with Aqua-Aerobics Diamond cloth-media filters. The new filters will have 2.4 times the peak flow capacity while using about 80 percent less backwash water. Engineering for these improvements have been funded from the 2007 bond issue.

SOLIDS MANAGEMENT IMPROVEMENTS – DIGESTER REHABILITATION

An update to the Master Plan for solids management at the CRWS plant was funded out of the 2007 bond issue. Proposed allocation of 2009 bond funding is for repair of existing facilities and additional thickening and dewatering equipment. These improvements are being proposed in phases similar to those for the liquids treatment improvements. First phase improvements that have been identified for 2009 bond funding include rehabilitation of the existing anaerobic digesters that have been out of service for several years. Operating the digesters would reduce the overall volume of sludge that must be dewatered, stabilized, and hauled. In addition, the digesters would produce biogas for potential use in electricity generation for operation of engine driven blowers. Improvements have been identified for future bond issues in the following areas: DAFT removal and GBT installation; gas engine driven blower; and solids screening/storage.

ADA IMPROVEMENTS (RESTROOMS, DOORWAYS, ETC.)

The Authority is committed to bringing the CRWS administration building up to ADA standards. This project will include ADA improvements to the first floor employee's restroom, first floor lab restroom, administration and meter area break room, men's and women's first floor lobby toilet, first floor break room/meeting room, and first floor electric water cooler corrections. A previous project started construction in the fall of 2008 and included ADA accessibility improvements inside and outside the Administration Building to

include addition of a new elevator; parking, sidewalk and signage corrections; second floor restroom modifications; and mechanical/plumbing and electrical modifications.

REHABILITATION AND REPLACEMENT

In addition to general wear, the harsh and corrosive environment in which wastewater treatment plant equipment is required to function necessitates occasional equipment rehabilitation or replacement. An assessment of the conditions of mechanical, electrical, and HVAC equipment was performed by a group of engineering firms and an extensive list of items requiring attention was identified. Based upon relative priority, multiple items that have been recommended for rehabilitation or replacement have been grouped into projects, or rather, into multiple phases of the "rehab/replace" project. The first two phases of rehab/replace projects were funded in the 2007 bond issue. Engineering for the third phase of improvements was also funded in the 2007 bond issue. Listed in Table IV-2 are subsequent phases of rehabilitation and replacement projects that have either engineering and/or construction funded in the 2009 bond issue.

CORROSION/ODOR MANAGEMENT

The Authority has invested in an ongoing, phased approach to odor control. This approach includes identification of the most significant odor sources, installation of the control, and evaluation of the odor control effectiveness. A number of the odor control facilities have been installed for several years and, due to the harsh atmosphere in which they function and/or general operational wear and tear, are in need of rehabilitation or replacement. The rehabilitation of existing equipment and design of new technology is included in this 2009 bond issue.

Further, the Authority has embarked upon a corrosion management program in order to protect its investment in both pipeline and plant infrastructure. Management of the program will require ongoing efforts in developing new program components (e.g., standardized specifications for materials in harsh environments or development of an ongoing corrosion monitoring program with a schedule that provides for the routine evaluation of corrosion-prone areas on a regular time schedule), implementing new ones identified, and maintaining programs already in place.

The 2009 bond funding for corrosion/odor management projects includes preliminary engineering for the following: update of the 2003 CRWS Odor Master Plan; update of the 2007 Corrosion Management Plan; engineering to rehabilitate or replace biofilters with new technology; corrosion management planning and rehabilitation; engineering to replace carbon adsorbers at DAFT's, and evaluation of odor needs at the solids & screenings areas. The 2009 bond issue will also fund pilot studies to evaluate the laboratory indoor air circulation system and water cooled A/C units. Construction for full scale implementation of indoor air circulation system improvements and water cooled A/C units is proposed for subsequent bond issues.

Also identified for 2009 bond funding is the final engineering for Stage VIII odor control improvements, which includes odor control at Headworks A and Primary Clarifiers 1 through 4. Valve vaults 1A and 1B are also proposed for replacement with an above grade

**Table IV-2 Plant Rehabilitation and Replacement Improvements
Series 2009 Funding**

Ref. No.	Maximo ID	Structure	Project Description	Construction Cost	Total Project Cost	FYP Project ID
103	48H	FERRIC UNLOADING RAIL STATION	REHABILITATE ACCESS BRIDGE; INSTALL SPILL CONTAINMENT IMPROVEMENTS	\$ 128,000	\$ 160,000	P-013
118		Main Plant Distribution Switchgear 1 & 2	Place Power Factor Correction Capacitors (in outdoor enclosures) to improve the pf to 0.95	\$ 864,000	\$ 1,080,000	P-013
202	17A-D	PHASE I/II EQB'S	HANDRAIL REPLACEMENT; BASIN DRAIN VALVE REPLACEMENT; LIGHT FIXTURE REPLACEMENT	\$ 160,000	\$ 200,000	P-013
205		HIGH-PRIORITY PLANT ROAD SYSTEM REPAIRS	REPAIR OF DETERIORATED PAVEMENT NEEDED PRIOR TO PHASE IV CONSTRUCTION	\$ 537,000	\$ 671,250	P-013
208	07 F-I	PRIMARY CLARIFIERS 5-8	COATING & REHAB OF SUBMERGED MECHANISMS & EFFLUENT TROUGH WALLS	\$ 1,484,000	\$ 1,855,000	P-013
209	48E	FERRIC STORAGE TANK	REHABILITATE OR REPLACE FERRIC STORAGE TANKS, PUMPS, PIPING, AND CONTAINMENT AREA	\$ 244,000	\$ 305,000	P-013
212		PLANT LEVEE SYSTEM	VERIFY/UPDATE ADEQUACY & CONDITION	\$ 30,000	\$ 37,500	P-013
1005	02 A	PUMP STATION 6 DISCHARGE HEADERS A&B		\$ 113,000	\$ 141,250	P-013
1006		TRANSFORMER XF-11		\$ 24,000	\$ 30,000	P-013
1022	07 K	BIOFILTER MEDIA REPLACEMENT	NEEDED EVERY 2-3 YEARS	\$ 400,000	\$ 500,000	P-013
1026	44 A B	DAF SYSTEM RENOVATION	TROUGH / CHUTE / TANK / PUMP & PIPING REHABILITATION	\$ 1,500,000	\$ 1,875,000	P-013
1027	46 B-E	GRAVITY THICKENER 3-6	INLET BAFFLES, DRIVES (2), INTERIOR REHAB	\$ 100,000	\$ 125,000	P-013
1031		ELECTRICAL SYSTEM - "SINGLE POINTS OF FAILURE"		\$ 1,800,000	\$ 2,250,000	P-013
1033	02 C	PUMP STATION 6A WETWELL CONCRETE REPAIR AND COATING	NOT PREVIOUSLY INSPECTED; SPALLED CONCRETE FOUND IN PUMPS	\$ 1,200,000	\$ 1,500,000	P-013
1063	02 A	EMERGENCY SEAL FLUSH SYSTEM FOR PS 6 & 6A		\$ 100,000	\$ 125,000	P-013
1007	07 A-D	PC 1-4 STRUCTURAL REPAIRS (NOT COVERED BY REEDCON REPORT)		\$ 1,427,948	\$ 1,784,934	P-041
1008	37 X	CHLORINATION BASIN STRUCTURAL REPAIRS (NOT COVERED BY REEDCON REPORT)		\$ 314,396	\$ 392,995	P-041
1009	17 X	EQB STRUCTURAL REPAIRS (NOT COVERED BY REEDCON REPORT)		\$ 1,324,181	\$ 1,655,227	P-041
1010	30 X	FINAL CLARIFIER 1-12 EXPANSION JOINT REPAIRS		\$ 108,413	\$ 135,516	P-041
1011		ADDITIONAL AREA ROADWAY LIGHTING PH II and III		\$ 2,152,763	\$ 2,690,953	P-041
1012	06 M	PHASE III SCUM CONCENTRATOR REPLACEMENT		\$ 836,325	\$ 1,045,406	P-041
1013		UNFORSEEN EMERGENCY REPAIRS		\$ 1,471,313	\$ 1,839,141	P-041
1014	06 X	RAISE 4 INFLUENT PISTA GRIT BASIN BOXES		\$ 41,816	\$ 52,270	P-041

installation. Construction of these improvements (i.e., the second phase of the pure oxygen system) is scheduled under subsequent bond issues and involves replacement of biofilters with bioscrubbers or replacement of the biofilter media.

REGULATORY ISSUES

Changing regulations and regulatory mandates require special studies and the development of information in response to questions raised by regulatory agencies. An allowance for addressing regulatory issues related to such issues as site security, changing discharge requirements, and special studies is recommended.

FIVE YEAR PLAN UPDATE TO SUPPORT 2009 PROGRAM

The Authority routinely updates its "Five Year Plan" each time bonds are issued for the CRWS. Funding for an update of the Plan prior to issuance of new debt beyond the 2009 bond issue is included in the Current Series 2009 Bond program.

DRAFT
08/13/09

CHAPTER V NEAR TERM IMPROVEMENTS AND LAND RIGHTS

Shown in Table V-1 are collection system relief and rehabilitation projects that have been scheduled for the Series 2011 funding package. These improvements are considered part of the "Near Term" priority projects. The total amount recommended for the Series 2011 funding related to collection system improvements is approximately \$138.6 million. Design for some of these projects is being funded under the Series 2009 funding package. The Series 2011 funding will provide for construction of these improvements. There are five projects for which Series 2011 funding is allocated for the design work only. The construction of these five projects will occur in a Future funding endeavor as documented in Chapter VI of this report.

The Series 2011 funding package also includes some treatment plant improvement projects. These are itemized in Table V-2. Total funding for treatment plant improvement projects recommended for the Series 2011 bond is anticipated to be approximately \$135.4 million.

Land rights are needed in order to enable construction of and access to a number of the Authority's proposed capital improvements in the pipeline collection system. These funds are anticipated to be procured through a separate open-market bond sale and will be used for easement acquisition for pipelines, access to critical facilities, for compensation to landowners for disruption of land uses caused by necessary construction activities, and other costs directly attributable to land acquisition.

Approximately \$20.1 million in funding has been identified for land rights acquisition. Table V-3 presents an itemized list of these costs. Note that many of the properties to be acquired cannot be conclusively identified or appraised until after design is complete, so some uncertainty in prediction of costs is inherent in this process. In addition, it is anticipated that capital improvements currently planned may have priorities changed in response to various events and regulations in the near future. Funds from this allowance may also be used, as deemed necessary, to pay for critical, high-priority projects that otherwise may not have funding sources readily available.

**Table V-1 Collection System Improvements
Series 2011 Funding**

Project ID	Project Name	Dia (in.)	Length (ft)	Preliminary Engineering	Engineering/Surveying	Contract Admin	Construction	Inspection	Total
C-020	Siphon Rehabilitation	48-84	2300	\$150,601	\$391,563				\$542,164
C-039	EF-R1 (70E_10M)	36-72	13213			\$229,525	\$11,476,231	\$573,812	\$12,279,567
C-040	EF-R2 (1340E_10M)	72	8041			\$185,776	\$9,288,783	\$185,220	\$9,659,778
C-041	EF-R3 (1705E_1600E, parallel to EF-6)	66	12908			\$213,003	\$10,650,150	\$667,444	\$11,530,597
C-058	MC-7 & MC-8	66/78	21385			\$631,044	\$31,552,207	\$1,577,610	\$33,760,861
C-083	10BC-1 (7615B_7560B)	66	3331	\$132,946	\$345,660				\$478,606
C-084	10BC-2 (1200B_7640B)	54-72	4901	\$176,628	\$459,233				\$635,862
C-086	10WF-1 (5164W_5110W)	72/84	14894			\$447,496	\$22,374,811	\$1,118,741	\$23,941,049
C-087	10BC-3 (3400B_1290B)	36-54	29012	\$601,343	\$1,563,492				\$2,164,836
C-093	30MC-1 (60M_5105W)		7064			\$111,811	\$5,590,569	\$279,529	\$5,981,909
C-100	CAC-11 (parallel EF-1)	96	17300			\$597,840	\$29,891,980	\$1,494,599	\$31,984,418
C-109	Meter Station Projects - Ph 2			\$72,163	\$187,624	\$28,865	\$1,443,262	\$72,163	\$1,804,077
C-111	Manhole Inspections and Rehabilitation - Ph 3			\$31,375	\$81,576				\$112,951
C-114	CMOM Implementation - Ph 3			\$289,406					\$289,406
C-118	Phase VI I/I Assessment - Ph 2			\$173,644					\$173,644
C-119	PCS Telemetry Improvements				\$121,551				\$121,551
C-120	CAC-6A (970E_3580E, slipline)	12-36	3740	\$93,807	\$243,897				\$337,704
C-121	CAC-7 (MS18_0E_1030E, slipline)	36-72	14871	\$723,652	\$1,881,494				\$2,605,146
C-122	CAC-1 (2150M_2110M, slipline)	24-42	2063	\$46,903	\$121,949				\$168,852
Total				\$2,492,469	\$5,398,039	\$2,445,360	\$122,267,992	\$5,969,118	\$138,572,977

**Table V-2 Plant Improvements
Series 2011 Funding**

Project ID	Project Name	Preliminary Engineering	Engineering/Surveying	Contract Admin	Construction	Inspection	Total
P-007	PCS Phase 3 Improvements			\$560,291	\$7,616,449	\$380,823	\$8,557,562
P-010	ADA Improvements (restrooms, doorways, etc.)			\$4,631	\$231,525	\$11,576	\$247,732
P-017	Stage VIII Odor Improvements			\$232,322	\$11,616,098	\$580,805	\$12,429,225
P-022	Regulatory Issues	\$63,814					\$63,814
P-025	Five Year Plan Update	\$95,721					\$95,721
P-028	Solids Mgmt Improvements - DAFT Removal and GBT Installation	\$868,219	\$2,257,369	\$347,288	\$17,364,375	\$868,219	\$21,705,469
P-031	Backwash Treatment Clarifier	\$238,239	\$619,422				\$857,661
P-032	Effluent Filter Improvements - Phase 2	\$400,631	\$1,041,640				\$1,442,271
P-033	Effluent Filter Hydraulic Improvements	\$60,775	\$158,016				\$218,791
P-036	Disinfection Modifications: Alternative Disinfectant or Railcar Relocation			\$537,254	\$26,862,688	\$1,343,134	\$28,743,076
P-038	Vortex Grit Unit - #4 in Ph III Headworks			\$8,643	\$432,152	\$21,608	\$462,402
P-043	Rehab Items - Ph 5 (includes corrosion)			\$231,525	\$11,576,250	\$578,813	\$12,386,588
P-051	Corrosion/Odor Management - Indoor Air & A/C Chillers			\$92,610	\$4,630,500	\$231,525	\$4,954,635
P-052	PS 14 Improvements - Phase 2 (includes piping improvements to the service water system)			\$92,610	\$4,630,500	\$231,525	\$4,954,635
P-053	Plant Potable Water System Improvements	\$115,763	\$300,983				\$416,745
P-059	PS 7A Eddy Current Clutch Replacement & VFDS			\$114,605	\$5,730,244	\$286,512	\$6,131,361
P-062	Rehab Items - Ph 6 (includes corrosion)	\$578,813	\$1,504,913	\$231,525	\$11,576,250	\$578,813	\$14,470,313
P-063	Rehab Items - Ph 7 (includes corrosion)	\$578,813	\$1,504,913	\$243,101	\$12,155,063	\$607,753	\$15,089,642
P-064	Rehab Items - Ph 8 (includes corrosion)	\$607,753	\$1,580,158				\$2,187,911
Total		\$3,608,540	\$8,967,412	\$2,696,403	\$114,422,093	\$5,721,105	\$135,415,554

Table V-3 Collection System Land Right Costs

Project ID	Project Name	Dia (in.)	Length (ft)	Construction		Land Rights Allowance (0.2 x Constr)
				OPCC	Bond Series	
C-000	Contingency			\$7,404,696	2009	\$1,480,939
C-005	WF-10 & WF-13 (3720W_6802W) & (3760W_3759W)	15	5595	\$5,677,707	2009	\$1,135,541
C-007	WF-12	24	2439	\$811,289	2009	\$162,258
C-011	WF-6 & WF-14 (800W_740W) & (3150W_3079W)	16, 24, 48	8523	\$2,381,005	2009	\$476,201
C-012	WF-15, WFXIA2 & WF-R3 (3591W_3581W); (800W_830W) & (Sulfur Branch)	12-36	9739	\$2,005,631	2009	\$401,126
C-013	EF-3 (1900E_1675E)	30	3532	\$4,268,880	2009	\$853,776
C-019	JT-R1 (FM1170J_120J)	15-24	6800	\$2,679,495	2009	\$535,899
C-024	Interceptor Rehabilitation			\$3,585,743	2009	\$717,149
C-030	MC-3 (976M_1110M)	21-33	10877	\$6,397,379	2009	\$1,279,476
C-032	WF-R1 (Boyd Branch)	24-30	12600	\$16,249,455	2009	\$3,249,891
C-044	Meter Station Projects - Ph 1			\$4,746,000	2009	\$949,200
C-048	LS-5 & LS-5A			\$2,205,000	2009	\$441,000
C-057	MC-5 & MC-6 Ph 2	90	10134	\$15,487,500	2009	\$3,097,500
C-097	Coppell Interceptor & EF-North	33/72	30000	\$13,430,404	2009	\$2,686,081
C-098	EMC from NELV to MC-5	48-60	22000	\$12,388,793	2009	\$2,477,759
C-108	Manhole Inspections and Rehabilitation - Ph 2			\$542,063	2009	\$108,413
Total				\$100,261,039		\$20,052,208

CHAPTER VI FUTURE CAPITAL IMPROVEMENTS

Several sources were used to identify the capital improvements projects listed for funding through bond sales. Among these sources are:

- CRWS Preliminary Design Report – Freese and Nichols, Inc.
- Corrosion Management Plan – Alan Plummer Associates, Inc.
- Solids Management Plan – CDM
- Phase IV Infiltration/Inflow Assessment - Black & Veatch
- Odor Control Master Plan - Alan Plummer Associates, Inc.
- Wastewater Treatment Plant Master Plan - Freese and Nichols, Inc.
- Phase IV Bridge Document Draft – Alan Plummer Associates, Inc.
- Evaluation of Plant Pumping Stations - Turner Collie & Braden, Inc.
- Biosolids Stabilization Evaluation - CH2M Hill, Inc.
- Interceptor Relief and Erosion Control Assessments - Various Consultants

The total construction funds needed to complete all recommended projects from the above sources exceeds \$958.3 million. Out of this total, it has been presented in previous chapters that projects totaling \$306.0 million are recommended for the Current Series 2009 funding package. Approximately \$274.0 million are being recommended for the Near Term (2011) funding package. This leaves approximately \$378.3 million for scheduling under a Future funding package.

Listed in Table VI-1 and Table VI-2 are the improvements for the collection system and treatment plant, respectively, that have been identified for a Future funding package. The timing and frequency of future debt issuance, along with prioritization of the recommended projects, should be reviewed on a regular basis.

**Table VI-1 Collection System
Future Capital Improvements**

Project ID	Project Name	Dia (in.)	Length (ft)	Preliminary Engineering	Engineering/Surveying	Contract Admin	Construction	Inspection	Total
C-020	Siphon Rehabilitation	48-84	2300			\$63,253	\$3,162,626	\$158,131	\$3,384,010
C-083	10BC-1 (7615B_7560B)	66	3331			\$78,172	\$3,908,613	\$195,430	\$4,182,215
C-084	10BC-2 (1200B_7640B)	54-72	4901			\$103,857	\$5,192,871	\$259,644	\$5,556,372
C-087	10BC-3 (3400B_1290B)	36-54	29012			\$393,932	\$19,696,614	\$984,831	\$21,075,377
C-088	20BC-1 (7310B_7230B)		6055	\$293,857	\$764,030	\$117,544	\$5,877,157	\$293,857	\$7,346,446
C-089	20BC-2 (1030B_990B)		1854	\$12,501	\$32,501	\$5,001	\$250,012	\$12,501	\$312,516
C-090	20MC-1 (1010M_860M)		11406	\$90,080	\$234,206	\$36,032	\$1,801,591	\$90,080	\$2,251,988
C-091	20MC-2 (8070M_8000M)		2438	\$32,162	\$83,623	\$12,865	\$643,246	\$32,162	\$804,058
C-092	30BC-1 (4425B_4390B)		1418	\$19,661	\$51,120	\$7,864	\$393,234	\$19,661	\$491,541
C-106	CAC-9 (parallel EF-7)	90	7000	\$607,231	\$1,578,800	\$255,037	\$12,751,848	\$204,030	\$15,396,945
C-107	CAC-10 (parallel EF-2)	90	15400	\$1,317,761	\$3,426,178	\$553,459	\$27,995,435	\$382,731	\$33,675,565
C-110	Phase VI I/I Assessment - Ph 3			\$2,856,440					\$2,856,440
C-111	Manhole Inspections and Rehabilitation - Ph 3					\$13,178	\$658,880	\$42,883	\$714,941
C-112	Manhole Inspections and Rehabilitation - Ph 4			\$32,944	\$85,654	\$13,836	\$691,824	\$45,027	\$869,287
C-115	GIS Implementation - Ph 2			\$1,215,506					\$1,215,506
C-116	CMOM Implementation - Ph 4			\$303,877					\$303,877
C-119	PCS Telemetry Improvements					\$273,489	\$1,823,259	\$91,163	\$2,187,911
C-120	CAC-6A (970E_3580E, slipline)	12-36	3740			\$37,523	\$1,876,134	\$93,807	\$2,007,463
C-121	CAC-7 (MS18_0E_1030E, slipline)	36-72	14871			\$289,461	\$14,473,033	\$723,652	\$15,486,145
C-122	CAC-1 (2150M_2110M, slipline)	24-42	2063			\$18,761	\$938,067	\$46,903	\$1,003,732
C-123	CAC-3B (690W_6511W)	48-66	14871	\$724,657	\$1,884,107	\$289,863	\$14,493,134	\$724,657	\$18,116,418
C-124	CAC-4 (1930W_5321W)	60-72	8313	\$499,521	\$1,298,754	\$199,808	\$9,990,413	\$499,521	\$12,488,016
C-125	CAC-5B (7080B_10B)	30-54	6060	\$267,349	\$695,108	\$106,940	\$5,346,982	\$267,349	\$6,683,727
C-126	CAC-8B (1025E/820E_1705E)	12-72	38713	\$1,491,526	\$3,877,969	\$596,611	\$29,830,529	\$1,491,526	\$37,288,161
Total				\$9,765,072	\$14,012,050	\$3,466,484	\$161,795,503	\$6,659,546	\$195,698,656

**Table VI-2 Treatment Plant
Future Capital Improvements**

Project ID	Project Name	Preliminary Engineering	Engineering/Surveying	Contract Admin	Construction	Inspection	Total
P-019	Update of Odor Control and Corrosion Management Master Plans	\$607,753					\$607,753
P-027	Solids Mgmt Improvements - Solids Screening/Storage	\$765,769	\$1,990,999	\$306,308	\$15,315,379	\$765,769	\$19,144,223
P-031	Backwash Treatment Clarifier			\$95,296	\$4,764,785	\$238,239	\$5,098,319
P-032	Effluent Filter Improvements - Phase 2			\$160,252	\$8,012,617	\$400,631	\$8,573,500
P-033	Effluent Filter Hydraulic Improvements			\$24,310	\$1,215,506	\$60,775	\$1,300,592
P-034	High Rate Clarifiers -- Two Units	\$1,316,853	\$3,423,818	\$526,741	\$26,337,063	\$1,316,853	\$32,921,329
P-037	Gravity Discharge		\$3,535,030	\$571,043	\$28,552,168	\$1,427,608	\$34,085,850
P-046	PCS CCTV Improvements		\$91,163	\$182,326	\$1,033,180	\$51,659	\$1,358,328
P-048	CMP - Electrical, HVAC, Structural Improvements NOT in "Rehab Items"		\$663,666	\$102,103	\$5,105,126	\$255,256	\$6,126,152
P-049	CMP Elements - Ongoing Implementation of Corrosion Management Plan	\$1,532,332					\$1,532,332
P-053	Plant Potable Water System Improvements			\$48,620	\$2,431,013	\$121,551	\$2,601,183
P-056	Solids Mgmt Improvements - Gas Engine Driven Blower	\$638,141	\$1,659,166	\$255,256	\$12,762,816	\$638,141	\$15,953,520
P-057	Permanent Modifications to Blower Systems	\$1,276,282	\$3,318,332	\$510,513	\$25,525,631	\$1,276,282	\$31,907,039
P-058	Anoxic Modifications to Aeration Basins	\$335,024	\$871,062	\$134,010	\$6,700,478	\$335,024	\$8,375,598
P-064	Rehab Items - Ph 8 (includes corrosion)			\$243,101	\$12,155,063	\$607,753	\$13,005,917
Total		\$6,472,154	\$15,553,237	\$3,159,879	\$149,910,824	\$7,495,541	\$182,591,635

B

PROFORMA COST OF SERVICE

FY 2009 BOND TWDB ISSUE

7/22/2009

CENTRAL REGIONAL WASTEWATER SYSTEM

ENDING	PROJECTED FLOW	GROSS COST PER	TOTAL DEBT SERVICE	TOTAL DEBT SERVICE	PROJECTED
30-Nov	(MGD)	1000 GAL	REVENUES	EXPENSE *	COVERAGE
2010	142	\$1.583	\$82,258,730	\$45,516,320	1.81
2011	148	\$1.673	\$90,619,283	\$51,849,823	1.75
2012	149	\$1.904	\$98,616,256	\$58,418,514	1.69
2013	150	\$1.954	\$103,847,789	\$62,160,883	1.67
2014	151	\$1.941	\$107,283,490	\$64,043,752	1.68
2015	153	\$1.940	\$108,617,502	\$64,719,465	1.68
2016	157	\$1.924	\$110,539,694	\$64,377,333	1.72
2017	159	\$1.970	\$114,634,034	\$63,896,806	1.79
2018	165	\$1.935	\$116,824,569	\$63,898,200	1.83
2019	167	\$1.947	\$119,011,636	\$63,898,915	1.86
2020	169	\$1.959	\$121,194,687	\$63,895,613	1.90
2021	171	\$1.936	\$121,194,687	\$63,894,017	1.90
2022	173	\$1.949	\$123,383,221	\$63,895,688	1.93
2023	175	\$1.960	\$125,567,466	\$63,895,448	1.97
2024	177	\$1.972	\$127,753,579	\$63,897,795	2.00
2025	179	\$1.983	\$129,942,278	\$63,893,047	2.03

NOTE: INCLUDES 3 TRAUNCHES 2009, 2010, 2011 OF VARYING SIZES

C

**TRINITY RIVER AUTHORITY
REGIONAL WASTEWATER SYSTEM**

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*

TOWN OF ADDISON, TEXAS

TABLE 1 - WATER AND SEWER SYSTEM CONDENSED STATEMENT OF OPERATIONS

	Fiscal Year Ended September 30,				
	2008	2007	2006	2005	2004
<u>Revenues</u>					
Water Sales	\$4,618,862	\$4,249,522	\$5,697,631	\$3,430,830	\$3,410,056
Sewer Service	4,193,659	4,658,814	5,022,160	3,840,540	3,951,808
Interest Income	178,595	228,325	157,511	64,723	58,015
Other Income	95,868	144,347	134,605	72,622	81,295
Total Revenue	<u>\$9,086,984</u>	<u>\$9,281,008</u>	<u>\$11,011,907</u>	<u>\$7,408,715</u>	<u>\$7,501,174</u>
<u>Expenses</u>					
Water Purchase	\$2,408,778	\$2,467,321	\$2,562,592	\$2,234,209	\$2,129,029
Sewer Treatment	1,832,671	2,168,904	1,807,619	1,783,286	1,666,772
Other Expenses	2,544,386	2,121,025	2,067,129	2,604,669	1,742,171
Total Operating Expenses ⁽¹⁾	<u>\$6,785,835</u>	<u>\$6,757,250</u>	<u>\$6,437,340</u>	<u>\$6,622,164</u>	<u>\$5,537,972</u>
Net Available for Debt Services	<u>\$ 2,301,149</u>	<u>\$ 2,523,758</u>	<u>\$ 4,574,567</u>	<u>\$ 786,551</u>	<u>\$ 1,963,202</u>
Water Customers	3,431	2,399	3,320	3,309	3,280
Sewer Customers	2,512	2,499	2,653	2,487	2,471

(1) Excludes depreciation.

As of September 30, 2008, the City has no water and sewer revenue bonds outstanding.

TABLE 2 - AUTHORIZED BUT UNISSUED REVENUE BONDS ⁽¹⁾

Purpose	Date Authorized	Amount		
		Authorized	Heretofore Issued	Unissued Balance
Street Improvements	2/12/2000	\$ 11,500,000	\$ 9,300,000	\$ 2,200,000
Road Utilities/Streetscape	2/12/2000	11,000,000	2,370,000	8,630,000
		<u>\$ 22,500,000</u>	<u>\$ 11,670,000</u>	<u>\$ 10,830,000</u>

(1) Excludes depreciation.

TABLE 3 - WATER USAGE

Year Ended 30-Sep	Total Water Purchased In Gallons	Average Daily Usage In Gallons	Maximum Daily Usage In Gallons
2004	1,937,144,000	5,200,000	8,800,000
2005	1,909,472,000	5,289,000	8,918,000
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

TABLE 4 - MONTHLY WATER RATES (EFFECTIVE NOVEMBER 2008)

<u>Residential</u>		<u>Commercial</u>	
<u>Single Family</u>		<u>Large</u>	
First 2,000 gallons	\$9.10 (minimum)	First 37,000 gallons	\$80.85 (minimum)
Next 15,000 gallons	\$2.05/M gallons	Over 37,000 gallons	\$2.05/M gallons
Over 15,000 gallons	\$4.10/M gallons		
<u>Multi-Family</u>		<u>Small</u>	
First 15,000 gallons	35.75	First 3,000 gallons	\$11.15 (minimum)
Over 15,000 gallons	\$2.05/M gallons	Over 3,000 gallons	\$2.05/M gallons

TABLE 5 - MONTHLY SEWER RATES (EFFECTIVE NOVEMBER 2008)

<u>Residential</u>		<u>Commercial</u>	
<u>Single Family⁽¹⁾</u>		<u>Large</u>	
First 2,000 gallons	\$13.50 (minimum)	First 37,000 gallons	\$162.25 (minimum)
Over 2,000 gallons	\$4.25/M gallons	Over 37,000 gallons	\$4.25/M gallons
Maximum Rate	\$39.00		
<u>Multi-Family</u>		<u>Small</u>	
First 15,000 gallons	\$68.75 (minimum)	First 3,000 gallons	\$17.75(minimum)
Over 15,000 gallons	\$4.25/M gallons	Over 3,000 gallons	\$4.25/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,				
	2008	2007	2006	2005	2004
Revenues					
Water Sales	\$54,312	\$43,693	\$58,571	\$50,034	\$44,857
Sewer Service	42,208	40,246	38,052	37,094	37,615
Interest Income	563	906	2,175	1,255	939
Other Income	5,804	4,847	6,122	5,016	6,002
Total Revenue	\$102,887	\$89,692	\$104,920	\$93,399	\$89,413
Expenses					
Labor Costs	\$12,959	\$12,917	\$12,846	\$13,848	\$13,018
Supplies	3,576	2,356	2,937	2,226	1,924
Maintenance	2,779	2,493	2,764	2,105	1,964
Water Supply (The District)	11,782	12,549	13,738	10,761	12,697
Sewer Treatment Contracts	19,606	19,364	18,179	15,906	16,070
Utilities	3,562	3,155	3,831	2,505	1,907
Other Expenses	3,962	8,210	8,876	7,788	9,977
Total Operating Expenses Before Depreciation	\$58,226	\$61,044	\$63,171	\$55,139	\$57,557
Net Revenues of the Systems	\$44,661	\$28,648	\$41,749	\$38,260	\$31,856
Interest During Construction Included Above	(1,191)	(1,059)	(756)	(553)	(317)
Net Available for Debt Service	\$43,470	\$27,589	\$40,993	\$37,707	\$31,539
Water Customers	98,924	98,195	97,299	102,421	101,057
Sewer Customers	98,187	96,210	95,124	99,007	94,052

(1) Amounts expressed in thousands.

TABLE 2 - COVERAGE AND FUND BALANCES

Waterworks and Sewer System Revenue Bonds Outstanding (as of 9/30/08)	\$ 169,693,388
Principal and Interest Requirements, 2009	\$ 14,852,080
Average Annual Principal and Interest Requirements, 2009-2028	\$ 8,484,669
Coverage of Average Requirements by 9/30/08 Net Available for Debt Service	5.12 Times
Maximum Principal and Interest Requirements, 2009	\$ 14,852,080
Coverage of Requirements by 9/30/08 Net Available for Debt Service	2.93 Times
Interest and Sinking Fund (as of 9/30/08)	\$ 4,710,846
Reserve Fund (as of 9/30/08)	\$ 6,486,085

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>
2004	20,013,000,000	54,680,000	91,190,000
2005	20,984,000,000	57,490,000	95,410,000
2006	24,545,000,000	67,260,000	116,720,000
2007	18,434,000,000	51,520,000	86,040,000
2008	20,979,000,000	58,510,000	109,490,000

TABLE 4 - WATER RATES

<u>Water Rates (Fixed Monthly Fee)</u>	
<u>Meter Size</u>	<u>Monthly Charge</u>
3/4" (<=2,000 gal)	\$4.90
3/4" (>=3,000 gal)	8.47
1"	14.82
1 1/2"	33.88
2"	59.29
3"	136.04
4"	218.36
6"	507.69
8"	795.56
10"	1,195.03

Conservation Rates Block Structure

Residential

<u>Usage (1,000 gallons)</u>	<u>Water</u>
0 - 2	\$ 1.36
3 - 10	1.93
11 - 15	2.91
16 - 29	3.35
≥ 30	4.00

Commercial

<u>Usage (1,000 gallons)</u>	<u>Water</u>
0 - 15	\$ 1.93
≥ 16	2.08

Irrigation

<u>Usage (1,000 gallons)</u>	<u>Rate</u>
0 - 29	\$ 3.35
≥ 30	4.00

Construction

<u>Usage (1,000 gallons)</u>	<u>Rate</u>
All Usage	\$4.50

TABLE 5 - SEWER RATES

Sewer Rates (based on water consumption)	
Meter Size	Monthly Charge
3/4" ($\leq 2,000$ gal)	\$4.00
3/4" ($\geq 3,000$ gal)	7.77
1"	13.60
1 1/2"	31.08
2"	54.39
3"	72.21
4"	125.22
6"	286.00
8"	450.95
10"	676.39

Conservation Rates Block Structure

Residential	
Usage (1,000 gallons)	Wastewater
0 - 2	\$ 2.92
3 - 10	2.92
11 - 15	2.92
16 - 29	2.92
≥ 30	2.92

Commercial	
Usage (1,000 gallons)	Wastewater
0 - 15	\$ 2.92
≥ 16	2.92

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CITY OF BEDFORD, TEXAS

TABLE 1 - WATER AND SEWER SYSTEM CONDENSED STATEMENT OF OPERATIONS

	Fiscal Year Ended September 30,				
	2008	2007	2006	2005	2004
Revenues					
Water Sales	\$ 8,460,449	\$ 7,633,236	\$ 9,331,796	\$ 8,412,135	\$ 7,763,546
Charges for Sewer Services	4,117,904	3,823,339	3,906,821	3,934,647	3,671,813
Interest Income	200,812	220,372	231,882	118,141	53,328
Other	797,617	656,589	547,524	681,459	807,597
Total Revenue	\$ 13,576,782	\$ 12,333,536	\$ 14,018,023	\$ 13,146,382	\$ 12,296,284
Expenses					
Water Supply and Distribution	\$ 8,092,292	\$ 6,204,434	\$ 6,787,938	\$ 6,346,561	\$ 5,799,624
Wastewater Collection and Disposal	3,177,814	3,222,985	2,985,155	2,820,437	2,736,302
Billing and Collection	856,704	872,665	799,902	850,132	842,721
Public Services/Engineering	493,221	372,045	380,544	342,266	340,511
Total Expense	\$ 12,620,031	\$ 10,672,129	\$ 10,953,539	\$ 10,359,396	\$ 9,719,158
Net Available for Debt Service	\$ 956,751	\$ 1,661,407	\$ 3,064,484	\$ 2,786,986	\$ 2,577,126
Administrative Overhead/Payment in Lieu of Taxes	1,806,316	1,806,316	1,716,923	2,217,847	1,600,000
Net Operating Income	\$ (849,565)	\$ (144,909)	\$ 1,347,561	\$ 569,139	\$ 977,126
Water Customers	23,085	22,974	22,892	22,721	22,662
Sewer Customers	22,539	22,459	22,392	22,240	22,170

TABLE 2 - COVERAGE AND FUND BALANCES

Average Annual Principal and Interest Requirements, 2009 - 2027	\$ 283,163
Coverage of Average Annual Requirements by 9/30/08 Net Available for Debt Service	3.38x
Maximum Principal and Interest Requirements, 2017	\$ 362,298
Coverage of Maximum Requirements by 9/30/08 Net Available for Debt Service	2.64x
Water and Sewer System Revenue Bonds Outstanding, 2/1/09	\$ 3,395,000
Interest and Sinking Fund, 2/1/09	\$ 211,812
Reserve Fund Balance, 2/1/09	\$ 401,553
Repair & Replacement Fund Balance, 2/1/09	\$ 67,734

TABLE 3 - AUTHORIZED BUT UNISSUED REVENUE BONDS

As of September 30, 2008, 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, 2008)

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

5/8 inch meter	\$ 13.20
5/8 inch meter (account holder over 65 years of age)	12.00
1 inch meter	26.40
1 inch meter (account holder over 65 years of age)	24.00
1 1/2 inch meter	52.80
2 inch meter	84.50
All meters in excess of 2 inches	Charge to be determined by established method.
All water used per month	2.28 per 1000 gallons.

TABLE 5 - MONTHLY SEWER RATES (EFFECTIVE OCTOBER 1, 2008) ⁽¹⁾

5/8 or 3/4 inch meter	\$ 8.75
5/8 inch meter (account holder over 65 years of age)	7.95
1 inch meter	13.15
1 inch meter (account holder over 65 years of age)	11.95
1 1/2 inch meter	20.50
2 inch meter	29.30
3 inch meter	52.75
4 inch meter	79.20
6 inch meter	152.60
Volume Charge	1.06 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,				
	2008	2007	2006	2005	2004
Revenues:	\$36,108,584	\$33,689,946	\$39,162,205	\$32,113,455	\$29,832,183
Expenses:					
Personal Services	3,648,949	3,565,463	3,490,061	3,352,362	3,557,174
Materials and Supplies	-	-	1,121,735	1,001,561	1,041,265
Contractual Services	-	-	19,805,588	16,998,861	16,099,369
Supplies and Services	17,597,382	17,547,306	-	-	-
Utilities	1,287,743	1,125,919	-	-	-
Allocations	1,073,111	1,122,765	-	-	-
Bad Debts	66,812	79,166	107,687	56,600	82,490
Transfers Out	3,270,586	3,334,308	3,156,032	3,201,456	3,392,918
Total Expenses	<u>\$26,944,583</u>	<u>\$26,774,927</u>	<u>\$27,681,103</u>	<u>\$24,610,840</u>	<u>\$24,173,216</u>
Net Available for Debt Services	<u>\$9,164,001</u>	<u>\$6,915,019</u>	<u>\$11,481,102</u>	<u>\$7,502,615</u>	<u>\$5,658,967</u>
Customer Count Water/Sewer	34,878	34,545	34,287	34,484	33,831
Average Annual Debt Service	\$ 1,958,624	\$ 2,008,330	\$ 1,827,605	\$ 1,913,929	\$ 1,388,341
Coverage	4.68 Times	3.44 Times	6.28 Times	3.92 Times	4.08 Times

TABLE 2 - COVERAGE AND FUND BALANCES

Waterworks and Sewer System Revenue Bonds Outstanding (as of 9/30/08)	\$26,875,000
Principal and Interest Requirements, 2009 (as of 9/30/08)	\$2,942,765
Coverage of Requirements by 9/30/08 Net Available for Debt Service	3.11 Times
Average Annual Principal and Interest Requirements, 2009-2027 (as of 9/30/08)	\$1,958,624
Coverage of Average Requirements by 9/30/08 Net Available for Debt Service	4.68 Times
Maximum Principal and Interest Requirements, 2009 (as of 9/30/08)	\$2,942,765
Coverage of Requirements by 9/30/08 Net Available for Debt Service	3.11 Times
Interest and Sinking Fund (as of 9/30/08)	\$1,226,152
Reserve Fund (as of 9/30/08)	\$2,008,330

TABLE 3 - AUTHORIZED BUT UNISSUED REVENUE BONDS

As of September 30, 2008, the City had no authorized but unissued bonds.

TABLE 4 - TOP TEN LARGEST WATER CUSTOMERS

<u>Name</u>	<u>Type</u>	<u>Revenues</u>	<u>% of Total Water Revenues</u>
STMicroelectronics, Inc.	Computer Hi-Tech	\$ 519,459	0.24%
Carrollton-Farmers Branch ISD	School District	128,345	0.06%
Western Extrusions Inc.	Manufacturing	84,170	0.04%
Tube Forming Inc.	Manufacturing	71,202	0.03%
BH Autumn Chase Apts. LP.	Apartments	68,048	0.03%
Country Square Assoc.	Property Management	63,493	0.03%
Landco	Real Estate	60,125	0.03%
Texas Estrada Apts	Apartments	59,838	0.03%
Greentree Apartments	Apartments	55,690	0.03%
Carrollton Edentree LP	Apartments	54,405	0.02%
TOTAL		<u>\$ 1,164,775</u>	<u>0.53%</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>
2004	20,672,000	35,292,000	7,625,992,000
2005	22,218,000	40,525,000	7,910,685,000
2006	22,210,000	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

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

Monthly Water Rates:

Residential:

Meter Readings from October through April:		
First 2,000 gallons, minimum	\$	10.27
All Over 2,000 gallons (per 1,000 gallons)		2.57
Meter Readings from May through September:		
First 2,000 gallons, minimum		10.27
Next 8,000 gallons (per 1,000 gallons)		2.57
All Over 10,000 gallons (per 1,000 gallons)		3.46
All Over 25,000 gallons (per 1,000 gallons)		4.34

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

5/8" meter	\$	10.27
1" meter		15.83
1.5" meter		25.11
2" meter		36.23
3" meter		65.90
4" meter		99.28
6" meter		192.01
8" meter		303.29
10" meter		433.10
Fire Line regardless of size		55.94

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)		2.68
All use over 25,000 gallons (per 1,000 gallons)		2.81

Commercial use: Including apartments and portable meters.

All use over 2,000 gallons (per 1,000 gallons)	\$	1.75
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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)	\$	1.47
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TABLE 7 - MONTHLY SEWER RATES (EFFECTIVE MAY 1, 2008)

Monthly Sewer Rates:

Residential use:

First 2,000 gallons, minimum	\$	9.34
All use over 2,000 gallons (per 1,000 gallons)		1.95

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

5/8" meter	\$	9.34
1" meter		13.51
1.5" meter		20.43
2" meter		28.74
3" meter		50.93
4" meter		75.86
6" meter		145.14
8" meter		228.28
10" meter		325.27

Commercial and Industrial use:

All use over 2,000 gallons (per 1,000 gallons)	\$	1.95
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CITY OF CEDAR HILL, TEXAS

TABLE 1 – WATERWORKS AND SEWER SYSTEM CONDENSED STATEMENT OF OPERATIONS

	Fiscal Year Ended September 30,				
	2008 ⁽¹⁾	2007	2006	2005	2004
OPERATING REVENUES					
Water Sales	\$ 9,166,124	\$ 7,752,744	\$ 9,660,693	\$ 8,530,907	\$ 7,383,346
Sewer Sales	4,985,576	4,530,261	4,468,990	4,595,528	4,258,564
Other Charges	521,310	617,519	575,863	590,911	643,106
Total Operating Income	14,673,010	12,900,524	14,705,546	13,717,346	12,285,016
OPERATING EXPENSES					
Sewage Treatment	3,809,777	3,441,542	3,165,803	3,544,648	3,058,807
Purchase of Water	2,811,772	3,140,673	3,306,043	2,884,566	2,703,082
Personnel Services	2,370,241	2,211,241	2,068,556	1,958,923	1,789,285
Depreciation	1,602,646	1,666,907	1,522,928	1,196,741	1,065,846
Gross Receipts Tax	644,739	552,735	639,126	590,436	523,886
Heat, Light and Power	498,065	376,878	520,596	333,691	210,313
Maintenance	304,158	208,050	317,288	315,291	341,213
Contractual Services	391,466	473,223	251,217	180,514	193,672
Bad Debts	-	428,691	330,026	178,520	119,925
Materials and Supplies	328,398	244,764	215,310	258,053	270,568
Miscellaneous	79,604	73,075	64,475	72,813	51,106
Total Operating Expenses	12,840,866	12,817,779	12,401,368	11,514,196	10,327,703
OPERATING INCOME	1,832,144	82,745	2,304,178	2,203,150	1,957,313
NON-OPERATING REVENUES (EXPENSES)					
Other Revenues	41,527	53,283	616,842	552,116	977,356
Interest Revenue	604,215	767,361	646,285	340,448	119,255
Gain (Loss) on Retirement of Assets	(11,189)	(58,192)	(1,463,439)	-	-
Interest and Fiscal Charges	(523,216)	(424,801)	(376,825)	(331,207)	(242,237)
Total Non-Operating Income	111,337	337,651	(577,137)	561,357	854,374
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS					
	1,943,481	420,396	1,727,041	2,764,507	2,811,687
Contributions	3,429,343	2,011,817	1,434,853	3,150,795	6,163,978
Contributions, Tap Fees & Other	200,131	623,568			
TRANSFER OUT	(1,802,000)	(1,801,000)	(1,800,000)	(1,800,000)	(1,800,000)
NET INCOME	3,770,955	1,254,781	1,361,894	4,115,302	7,175,665
ADDITIONS					
Depreciation	1,602,646	1,666,907	1,522,928	1,196,741	1,065,846
Interest & Fiscal Charges	523,216	424,801	376,825	331,207	242,237
Gain (Loss) on Retirement of Assets	11,189	58,192	1,463,439	-	-
Transfer Out	1,802,000	1,801,000	1,800,000	1,800,000	1,800,000
TOTAL ADDITIONS	3,939,051	3,950,900	5,163,192	3,327,948	3,108,083
DEDUCTIONS					
Contributions	3,429,343	2,011,817	1,434,853	3,150,795	6,163,978
Capital Recovery Fees	199,483	614,292	562,964	504,549	968,455
Interest Income-Cap. Rec. Fees	117,167	194,721	180,668	127,959	49,491
Interest Income-Bond Proceeds	313,218	258,546	197,615	86,334	20,196
TOTAL DEDUCTIONS	4,059,211	3,079,376	2,376,100	3,869,637	7,202,120
NET REVENUES	\$ 3,650,795	\$ 2,126,305	\$ 4,148,986	\$ 3,573,613	\$ 3,081,628

(1) Preliminary, provided by City Officials

TABLE 2 - COVERAGE AND FUND BALANCES ⁽¹⁾

Average Annual Principal and Interest Requirements, 2009-2027	\$ 804,647
Coverage of Average Requirements by 9/30/08 Net Revenues	4.54 Times
Maximum Principal and Interest Requirements, 2018	\$ 984,598
Coverage of Maximum Requirements by 9/30/08 Net Revenues	3.71 Times
Waterworks and Sewer System Revenue Bonds Outstanding, 9/30/08	\$ 10,695,000
Interest and Sinking Fund, 9/30/08	\$ 579,534
Debt Service Reserve Fund, 9/30/08	\$ 855,227

(1) Preliminary, provided by City Officials

TABLE 3 - AUTHORIZED BUT UNISSUED REVENUE BONDS

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
2004	5.92	9.9	247.4	2,165.3	\$ 7,383,346
2005	6.53	11.9	320.4	2,384.0	8,530,907
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

TABLE 5 - MONTHLY WATER RATES (EFFECTIVE OCTOBER 1, 2008)

	New Rates	
	Inside City	Outside City
First 1,000 Gallons	\$ 7.00	\$ 7.00
Next 49,000 Gallons	4.81	4.81
Over 50,000 Gallons	4.76	4.76
	Old Rates	
	Inside City	Outside City
First 1,000 Gallons	\$ 7.00	\$ 7.00
Next 49,000 Gallons	4.84	4.84
Over 50,000 Gallons	4.79	4.79

TABLE 6 – MONTHLY SEWER RATES (EFFECTIVE OCTOBER 1, 2008)

	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	5.25	5.25	4.75	4.75
Residential charges capped at \$55.00				
	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	5.25	5.25	4.75	4.75

TABLE 7 - CAPITAL RECOVERY FEES

As of September 30, 2008, 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 \$14,425,639 for the City:

Water Sources	\$ 8,196,745.00
Sewer Sources	3,511,659.00
Investment Earnings	2,717,235.00

To date, the City has used approximately \$11,604,072.00 of the funds for water and wastewater projects and has remaining funds of \$2,821,567.00.

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CITY OF COLLEYVILLE, TEXAS

TABLE 1 - WATERWORKS AND SEWER SYSTEM OPERATING SYSTEM

	Fiscal Year Ended September 30,				
	2008	2007	2006	2005	2004
Revenues					
Metered Water Sales	\$ 7,835,523	\$ 6,141,513	\$ 9,153,333	\$ 6,935,045	\$ 5,732,211
Sewer Service Charges	2,368,188	2,132,689	1,914,756	1,937,571	2,007,678
Miscellaneous charges and fees	911,181	853,268	1,289,487	969,826	1,185,053
Interest Income	337,376	918,560	778,900	14,447	146,362
Total Revenues	\$ 11,452,268	\$ 10,046,030	\$ 13,136,476	\$ 9,856,889	\$ 9,071,304
Expenses					
Personal Services	\$ 2,012,386	\$ 1,835,172	\$ 1,706,567	\$ 1,496,754	\$ 1,472,700
Maintenance and Contractual Services	7,494,429	6,053,579	6,131,075	5,644,363	4,496,368
Materials and Supplies	164,066	151,870	229,923	110,881	148,210
Total Expenses	\$ 9,670,881	\$ 8,040,621	\$ 8,067,565	\$ 7,251,998	\$ 6,117,278
Net Available for Debt Service	\$ 1,781,387	\$ 2,005,409	\$ 5,068,911	\$ 2,604,891	\$ 2,954,026
Water Customers	8,893	8,700	8,561	8,271	8,067
Sewer Customers	8,138	7,966	7,761	7,563	7,294

TABLE 2 - COVERAGE AND FUND BALANCES

Average Annual Principal and Interest Requirements, 2009 – 2018	\$ 700,997
Coverage of Average Requirements by 9-30-08 Net Available for Debt Service	2.54 Times
Maximum Annual Principal and Interest Requirements, 2012	\$ 900,314
Coverage of Maximum Requirements by 9-30-08 Net Available for Debt Service	1.98 Times
Waterworks and Sewer System Revenue Bonds Outstanding (as of 9-30-08)	\$ 5,840,000
Interest and Sinking Fund (as of 9-30-08)	\$ 767,847
Reserve Fund (as of 9-30-08)	\$ 831,959

TABLE 3 - AUTHORIZED REVENUE BONDS

As of September 30, 2008, the City has no authorized but unissued revenue debt.

TABLE 4 - WATER USAGE

Fiscal Year End	Average Day Usage	Total Usage
2004	4,956,149	1,812,279,442
2005	5,951,100	2,172,151,666
2006	8,081,269	2,949,663,100
2007	5,128,843	1,872,027,700
2008	6,619,179	2,416,000,500

TABLE 5 - MONTHLY WATER RATES (EFFECTIVE OCTOBER 1, 2005)

	In-City Customers	Out-City Customers
First 2,000 Gallons (Minimum)	\$12.00	\$16.00
All Over 2,000 Gallons	\$3.01/M Gallons	\$3.01/M Gallons

TABLE 6 - MONTHLY SEWER RATES (EFFECTIVE OCTOBER 1, 2005)

First 2,000 Gallons (Minimum)	\$8.60 (Minimum)
All Over 2,000 Gallons	\$1.82 Gallons

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CITY OF COPPELL, TEXAS

TABLE 1 - WATERWORKS AND SEWER SYSTEM OPERATING SYSTEM

	Fiscal Year Ended September 30,				
	2008	2007	2006	2005	2004
<u>Operating Revenues</u>					
Water and Sewer Sales	\$ 13,538,471	\$ 11,821,254	\$ 14,944,368	\$ 12,975,492	\$ 11,934,554
Water and Sewer Connection Fees	21,760	19,450	30,308	32,866	21,821
Interest and Miscellaneous	663,709	989,478	987,384	617,571	414,916
Capital Recovery Fees	206,610	264,987	137,582	52,920	95,860
Total Revenues	\$ 14,430,550	\$ 13,095,169	\$ 16,099,642	\$ 13,678,849	\$ 12,467,151
<u>Operating Expenses</u>					
Purchase of Water	\$ 3,860,529	\$ 3,771,944	\$ 4,058,257	\$ 3,452,015	\$ 3,188,257
Salaries and Wages	1,251,404	1,188,715	1,138,643	1,096,299	1,041,575
Supplies and Services	4,551,012	4,117,744	4,026,487	4,204,228	3,751,914
Total Expenses	\$ 11,320,845	\$ 10,568,511	\$ 10,841,624	\$ 10,330,038	\$ 9,547,466
Net Available for Debt Service	\$ 3,109,705	\$ 2,526,658	\$ 5,258,018	\$ 3,348,811	\$ 2,919,685
Water Customers	12,094	12,028	11,936	11,741	11,662
Sewer Customers	11,167	11,142	11,084	10,928	10,909

TABLE 2 - COVERAGE AND FUND BALANCES

Average Annual Principal and Interest Requirements, 2009 - 2019	\$ 676,692
Coverage of Average Annual Requirements by 9/30/08 Net Income	4.59
Maximum Principal and Interest Requirements, 2009	\$ 2,359,918
Coverage of Maximum Requirements by 9/30/08 Net Income	1.317
Waterworks and Sewer System Revenue Bonds Outstanding, 9/30/08	\$ 6,240,000
Interest and Sinking Fund, 9/30/08	\$ 183,814
Reserve Fund, 9/30/08	\$ 838,759

TABLE 3 - AUTHORIZED REVENUE BONDS

As of September 30, 2008, 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
2003	38,500	8,240,416	18,500,000	3,007,752,000
2004	38,650	7,551,616	17,400,000	2,756,340,000
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

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)

\$2.60 per 1,000 gallons over initial 1,000 gallons

TABLE 6 - SEWAGE FLOW

<u>Year Ended</u>	<u>Amount in Gallons</u>	<u>Average Daily Sewer Flow</u>
2003	1,448,109,000	3,967,422
2004	1,448,300,000	3,967,945
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

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,				
	2008 ⁽³⁾	2007	2006	2005	2004
<u>Operating Revenues</u> ⁽¹⁾					
Water	\$ 266,642	\$ 237,593	\$ 266,806	\$ 219,692	\$ 206,507
Wastewater	183,285	174,405	171,455	150,943	145,897
	<u>\$ 449,927</u>	<u>\$ 411,998</u>	<u>\$ 438,261</u>	<u>\$ 370,635</u>	<u>\$ 352,404</u>
<u>Operating Expenses</u>					
Operation and Maintenance	\$ 243,859	\$ 227,008	\$ 228,976	\$ 211,021	\$ 229,945
Depreciation and Amortization	68,588	77,363	63,171	63,144	64,641
	<u>\$ 312,447</u>	<u>\$ 304,371</u>	<u>\$ 292,147</u>	<u>\$ 274,165</u>	<u>\$ 294,586</u>
Earnings from Operations	\$ 137,480	\$ 107,627	\$ 146,114	\$ 96,470	\$ 57,818
Net Interest Expense ⁽²⁾	(54,166)	(32,404)	(37,277)	(27,207)	(38,998)
Change in Fair Value of Investments	(1,826)	6,936	771	288	(1,866)
Capital Contribution Received	20,700	9,062	11,398	18,789	17,489
Net Transfers	(4,360)	(2,934)	(3,000)	1,067	504
Gain/(Loss) From Property Disposal	42	167	(7)	451	1,184
Net Earnings Reinvested	<u>\$ 97,870</u>	<u>\$ 88,454</u>	<u>\$ 117,999</u>	<u>\$ 89,858</u>	<u>\$ 36,131</u>
Water Customer Accounts	288,000	287,000	286,000	285,000	284,000
Wastewater Customer Accounts	271,000	270,000	269,000	268,000	267,000
Water Connections	328,000	327,000	324,000	321,000	317,000

- (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 are included above as a reduction of Net Interest Expense.
- (3) Preliminary, provided by City Officials.

TABLE 2 - PROTECTED COVERAGE AND FUND BALANCES ⁽¹⁾

Average Annual Principal and Interest Requirements, Fiscal Years 2009 - 2038	\$ 86,381,371
Coverage of Average Requirements by Fiscal Year Ended 9-30-08 Net Revenues	2.76 x
Maximum Principal and Interest Requirements, Fiscal Year 2009	\$ 168,821,452
Coverage of Maximum Requirements by Fiscal Year Ended 9-30-08 Net Revenues	1.41 x
Waterworks and Sewer System Revenue Bonds Outstanding	\$ 1,676,885,000
Interest and Sinking fund (as of 9-30-08)	\$ 12,963,245
Reserve Fund (as of 9-30-08)	\$ 76,715,369

- (1) Preliminary, provided by City Officials.

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	80 MGD	54 MGD	54 MGD
Lake Tawakoni	170 MGD	164 MGD	164 MGD
Elm Fork System ⁽¹⁾	1037 MGD	171 MGD	171 MGD
Lake Palestine ⁽²⁾	102 MGD	102 MGD	0 MGD
Lake Fork ⁽³⁾	118 MGD	107 MGD	0 MGD
Total	1,583 MGD	605 MGD	396 MGD

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

(2) Connection to System not anticipated to occur prior to 2015.

(3) Connection to System anticipated to occur in 2009.

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 ⁽¹⁾

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 Municipal Utility			
District No. 6 (Balch Springs)	2015	Lewisville	2016
Dallas/Fort Worth International Airport	2015	Ovilla	2035
DeSoto	2013	Red Oak	2033
Duncanville	2014	Rockett SUD	2033
Ellis County WCID #1	2033	Seagoville	2013
Farmers Branch	2010	The Colony	2010

Wholesale rates for service to all customer cities and authorities are determined under provisions of a rate settlement agreement entered into in August 1979. The Memorandum of Agreement which established the methodology used to determine wholesale treated water rates, and is an attachment to the contracts, will expire in December 2009. The City has engaged a consultant to review the current methodology in preparation of potential negotiation and renewal of the agreement with the wholesale treated water customers.

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 water starting approximately in 2006. These contracts will expire in the year 2033. The contracts were approved by Dallas City Council on August 13, 2003.

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>
2004	584	410	150,034
2005	621	417	152,084
2006	681	467	170,431
2007	575	388	141,766
2008	670	416	152,339

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

	<u>Fiscal Year Ended September 30,</u>				
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<u>Retail</u>					
Residential	27,783	25,057	33,541	28,160	26,793
General Service	37,700	37,256	43,819	40,151	45,654
Optional General Service ⁽¹⁾	5,012	5,286	5,358	5,450	5,499
Total Retail	70,495	67,599	82,718	73,761	77,946
Wholesale	53,600	53,100	66,124	55,147	55,614
Total	124,095	120,699	148,842	128,908	133,560

(1) 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 2008 Water Consumption</u>
City of Carrollton	8,217
City of Grand Prairie	6,205
City of Irving ⁽¹⁾	5,089
City of Coppell	3,177
City of Farmers Branch	3,128
City of Lewisville	2,859
City of Cedar Hill	2,768
City of Desoto	2,659
Town of Flower Mound	2,586
City of Duncanville	2,091
Total	38,779

(1) In addition to the 5,089 MG treated water provided under the treated water contract, Dallas Water Utilities also treated 12,782 MG of raw water from Irving's Lake Chapman under the Dallas Water Utilities/Irving treatment services contract.

TABLE 9 - WHOLESALE WASTEWATER CUSTOMERS

Addison (portion)	2014	Hutchins	2014
Cockrell Hill	2014	Mesquite (portion)	2036
Dallas County MUD No. 6 (Balch Springs)	2014	Richardson (portion)	2036
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
2004	402	201	73,640
2005	421	197	72,035
2006	404	180	65,753
2007	420	191	74,019
2008	395	168	61,435

TABLE 11 - RETAIL CUSTOMER CHARGE (AS OF OCTOBER 1, 2008)

	Monthly Retail Customer Charge		
	Water	Wastewater	Combined
5/8 Inch Meter	\$ 3.90	\$ 3.49	\$ 7.39
3/4 Inch Meter	4.57	4.09	8.66
1 Inch Meter	6.64	5.93	12.57
1 1/2 Inch Meter	12.50	11.17	23.67
2 Inch Meter	19.53	17.44	36.97
3 Inch Meter	46.88	41.86	88.74
4 Inch Meter	78.13	69.76	147.89
6 Inch Meter	156.26	139.51	295.77
8 Inch Meter	261.74	233.69	495.43
10 Inch Meter or larger	398.47	355.76	754.23

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TABLE 12 - RETAIL USAGE CHARGE (AS OF OCTOBER 1, 2008)

	Monthly Retail Rate Per 1,000 Gallons	
	Water	Wastewater
<u>Residential</u>		
Up to 4,000 Gallons	\$ 1.50	4.19 ⁽¹⁾
4,001 to 10,000 Gallons	2.80	4.19 ⁽¹⁾
10,001 to 15,000 Gallons	3.92	4.19 ⁽¹⁾
Above 15,000 Gallons	5.02	4.19 ⁽¹⁾
<u>General Service</u>		
Up to 10,000 Gallons	\$ 1.95	\$ 2.62
Above 10,000 Gallons	2.39	2.62
Above 10,000 and usage 1.4x annual monthly average	3.52	2.62
Wastewater metered separately		2.55
<u>Optional General Service</u>		
1st Million Gallons or Less	\$ 1,548.12 ⁽²⁾	\$ 2.55
Above 1 Million Gallons (Per 1,000 Gallons)	1.97	2.55
Wastewater metered separately		2.65

- (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, 2008)

Treated Water Service... Customers with rate-of-flow controllers: \$0.3716 per thousand gallons of water used, plus \$174,633 annually per million gallons of daily capacity reserved.

Customers without rate-of-flow controllers (or if a flat rate is provided by contract): \$1.4631 per thousand gallons of water used.

Untreated Water Service... Customers inside or outside the City: \$0.4744 per thousand gallons of water used (\$0.2320 for interrupted service).

Wastewater Service... \$2.1251 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 11 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.

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 and 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 ("302 Funds") into the Discretionary Account of the Capital Improvements Fund, as the Discretionary

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 Discretionary 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 (as defined below) 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, which mature January 15, 2031, remain outstanding.

Airline Use Agreement

Pursuant to the Use Agreements between the Board and each of the Signatory Airlines, each Signatory Airline agrees to pay rentals, fees and charges for its use of the Airport in an amount that is sufficient to generate total Gross Revenues in an amount to allow the Board to satisfy the Rate Covenant. The current Use Agreements will expire on December 31, 2009. Although to date no formal negotiations have taken place or are scheduled to take place, prior to the expiration of the Use Agreements, the Board intends to enter into new agreements with the users of the Airport that will generate Gross Revenues at a rate sufficient to pay Operating and Maintenance Expenses as well as debt service on the Cities' Outstanding Obligations, including the Bonds. No assurances can be made concerning the outcome of any such negotiations or the content or rate-setting mechanism of any new use agreements with the airlines utilizing the Airport. Any reduction in Gross Revenues or change in the manner of assessing rentals, fees and charges could have an adverse impact on the timely payment of principal of or interest on the Bonds.

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CITY OF DUNCANVILLE, TEXAS

TABLE 1 - WATERWORKS AND SEWER SYSTEM CONDENSED STATEMENT OF OPERATIONS

	Fiscal Year Ended September 30,				
	2008 ⁽¹⁾	2007	2006	2005	2004
Revenues					
Water Sales	\$ 6,562,111	\$ 5,458,513	\$ 7,238,922	\$ 6,138,920	\$ 5,355,308
Sewer Services	4,797,385	4,571,614	4,594,966	4,336,906	4,421,961
Investment Income	136,454	264,421	258,964	53,303	35,957
Service Fees and Miscellaneous	690,672	735,171	417,443	153,915	144,947
Total Revenues	\$ 12,186,622	\$ 11,029,719	\$ 12,510,295	\$ 10,683,044	\$ 9,958,173
Expenses					
Water Services	\$ 4,027,089	\$ 3,955,878	\$ 4,274,280	\$ 3,759,118	\$ 3,612,731
Wastewater Treatment	4,852,065	3,728,710	3,387,754	3,516,337	3,303,576
Administration and Fiscal	1,248,385	1,191,859	1,122,114	935,245	843,063
Total Expenses	\$ 10,127,539	\$ 8,876,447	\$ 8,784,148	\$ 8,210,700	\$ 7,759,370
Net Available for Debt Service	\$ 2,059,083	\$ 2,153,272	\$ 3,726,147	\$ 2,472,344	\$ 2,198,803
Water Customers	12,242	12,202	12,115	12,055	12,013
Sewer Customers	11,033	10,795	10,874	10,828	10,802

(1) Preliminary, provided by City Officials.

TABLE 2 - DEBT COVERAGE AND FUND BALANCES

As of September 30, 2008, the City has no outstanding Waterworks and Sewer System Revenue Debt.

TABLE 3 - AUTHORIZED BUT UNISSUED BONDS

Purpose	Date Authorized	Amount		
		Amount Authorized	Previously Issued	Unissued Balance
Sewer ⁽¹⁾	6/13/1959	\$ 180,000	\$ 155,000	\$ 25,000
Waterworks ⁽¹⁾	6/30/1962	120,000	57,000	63,000
Sewer ⁽¹⁾	6/30/1962	150,000	50,000	100,000
City Hall & Police Building ⁽¹⁾	11/20/1971	200,000	60,000	140,000
Waterworks	11/16/1974	2,000,000	1,500,000	500,000
Street Improvements	1/27/1990	9,300,000	9,299,000	1,000
Drainage	1/27/1990	5,700,000	5,426,000	274,000
		\$ 17,650,000	\$ 16,547,000	\$ 1,103,000

(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)

<u>Fiscal Year Ended 30-Sep</u>	<u>Average Daily Usage in Gallons</u>	<u>Peak Daily Usage in Gallons</u>	<u>Total Water Treated and Purchased</u>
2004	5,139	8,138	1,875,701
2005	5,341	9,786	1,949,562
2006	6,000	10,233	1,965,490
2007	4,613	7,669	1,683,823
2008	5,428	9,691	1,981,207

TABLE 5 - TOP TEN CUSTOMERS

<u>Customer</u>	<u>Water Usage Gallons</u>	<u>Water Revenue</u>
Duncanville Independent School District	30,553,000	\$ 179,943
Wimberly Park Apartments	28,321,000	109,499
C H Guenther & Son (Pioneer Bakery)	22,916,000	90,251
Fairmeadows Apartments (NCHP)	16,862,000	66,390
Vista Ridge Apartments	14,467,000	56,283
Main Park Apartments	12,201,000	44,656
Center Ridge Apartments	14,345,000	55,586
Irwin Rose Co. (Westwood Townhomes)	11,159,000	43,725
La Mexicana Tortilla Factory Inc.	15,405,000	14,798
Candlelight Park Apartments	8,838,000	34,479
Total	<u>175,067,000</u>	<u>\$ 695,609</u>

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TABLE 6 - WATER RATES (EFFECTIVE NOVEMBER 1, 2007)

<p><u>Residential</u> ⁽¹⁾</p> <p>\$7.00 First 1000 Gallons (minimum charge). \$2.75 per 2,000 to 7,000 gallons usage \$3.52 per 8,000 to 15,000 gallons usage \$4.29 per 16,000 to 30,000 gallons usage \$5.04 per 31,000 and above gallons usage</p> <p><u>Irrigation</u></p> <p>\$7.00 First 1000 Gallons (minimum charge). \$2.82 per 2,000 to 7,000 gallons usage \$3.62 per 8,000 to 15,000 gallons usage \$4.39 per 16,000 to 30,000 gallons usage \$5.14 per 31,000 and above gallons usage</p> <p><u>Apartments & Multi Family</u></p> <p>\$7.00 First 1000 Gallons (minimum charge) \$2.45 per 2,000 to 7,000 gallons usage \$3.20 per 8,000 to 15,000 gallons usage \$3.95 per 16,000 to 30,000 gallons usage \$3.95 per 31,000 and above gallons usage</p>	<p><u>Commercial</u></p> <p>\$7.00 First 1000 Gallons (minimum charge). \$2.45 per 2,000 to 7,000 gallons usage \$3.20 per 8,000 to 15,000 gallons usage \$3.95 per 16,000 to 30,000 gallons usage \$3.95 per 31,000 and above gallons usage</p> <p><u>Schools</u></p> <p>\$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</p> <p><u>Municipal</u></p> <p>\$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</p>
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(1) Residential rates are determined by meter readings / consumption based on billing for January, February, and March.

TABLE 7 - MONTHLY SEWER RATES (EFFECTIVE NOVEMBER 1, 2007)

<u>User Class</u>	<u>Monthly Charge</u>	
	<u>Fixed Rate</u>	<u>Variable Rate</u>
Residential ⁽¹⁾	\$9.02	\$3.73/1000 gallons (Max 20,000 gallons)
Multi-Family	\$4.25/Unit	\$4.20/1000 gallons@90%
Commercial	\$4.25/Connection	\$4.20/1000 gallons@85%
Schools	\$4.25/Connection	\$4.20/1000 gallons@85%
Municipal	\$4.25/Connection	\$4.20/1000 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

	Fiscal Year Ended September 30,				
	2008	2007	2006	2005	2004
Revenues					
Water Service	\$ 9,370,628	\$ 8,107,488	\$ 9,982,157	\$ 8,607,620	\$ 7,711,174
Sewer Service	5,301,281	4,699,550	5,116,248	4,660,575	4,545,079
Service Fees & Miscellaneous	1,177,300	923,429	967,409	944,877	979,337
Interest Income	517,628	728,521	602,244	335,643	207,584
Total Revenues	\$ 16,366,837	\$ 14,458,988	\$ 16,668,058	\$ 14,548,715	\$ 13,443,174
Expenses					
General and Administrative	\$ 510,611	\$ 414,701	\$ 387,609	\$ 607,475	\$ 548,040
Water Production	6,083,364	5,463,012	5,580,763	4,935,412	4,565,657
Water Distribution	663,526	677,820	579,639	571,796	519,178
Utility Engineering	743,831	435,895	500,342	424,753	429,824
Sewage Collection and Treatment	2,266,323	2,307,430	2,075,991	1,550,534	1,610,313
Nondepartmental	2,900,348	2,967,253	2,990,632	2,248,687	2,197,416
Geographic Information	406,966	387,255	336,998	264,381	253,898
Service Center	1,147,675	1,015,389	1,033,981	952,070	778,196
Total Expenses	\$ 14,722,644	\$ 13,668,755	\$ 13,485,955	\$ 11,555,108	\$ 10,902,522
Net Available for Debt Service	\$ 1,644,193	\$ 790,233	\$ 3,182,103	\$ 2,993,607	\$ 2,540,652
Water Customers	24,717	24,547	24,486	25,012	23,848
Sewer Customers	24,096	24,047	24,042	24,435	23,368

TABLE 2 - DEBT COVERAGE AND FUND BALANCES

Net Available for Debt Service, 9/30/08	\$ 1,644,193
Average Annual Principal and Interest Requirements, 2009 - 2024.....	\$ 367,271
Coverage of Average Annual Requirements by 9/30/08 Net Available for Debt Service.....	4.48x
Maximum Principal and Interest Requirements, 2020.....	\$ 441,782
Coverage of Maximum Annual Requirements by 9/30/08 Net Available for Debt Service.....	3.72x
Waterworks and Sewer System Revenue Bonds Outstanding, 9/30/08	\$ 4,350,000
Interest and Sinking Fund, 9/30/08.....	\$ 932,944
Reserve Fund, 9/30/08.....	\$ 396,644

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

<u>Fiscal Year</u>	<u>Daily Average</u>	<u>Peak Day</u>	<u>Total Usage (000's)</u>	<u>Water Revenue</u>	<u>Wells</u>	<u>Trinity River Authority</u>
2004	6.93 MGD	15.39 MGD	2,531,010	\$ 7,711,174	384.3	2,146.7
2005	7.39 MGD	14.41 MGD	2,696,125	8,607,620	314.0	2,382.0
2006	9.10 MGD	14.65 MGD	3,320,640	9,982,157	373.0	2,947.9
2007	7.17 MGD	13.33 MGD	2,617,360	8,107,488	414.0	2,202.4
2008	7.23 MGD	14.87 MGD	2,640,522	9,370,628	348.5	2,292.0

TABLE 5 - MONTHLY WATER RATES (EFFECTIVE OCTOBER 1, 2008)

<u>Inside City</u>	<u>Outside City</u>
\$7.25 minimum + \$3.11 per 1,000 gallons	\$10.00 minimum + \$3.11 per 1,000 gallons

TABLE 6 - MONTHLY SEWER RATES (EFFECTIVE OCTOBER 1, 2008)

<u>Inside City</u>	<u>Outside City</u>
\$7.25 + \$2.43 per 1,000 gallons of 90% of metered water	\$7.25 + \$2.43 per 1,000 gallons of 90% of metered water

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CITY OF FARMERS BRANCH, TEXAS

TABLE 1 - WATERWORKS AND SEWER SYSTEM CONDENSED STATEMENT OF OPERATIONS

	Fiscal Year Ended September 30,				
	2008	2007	2006	2005	2004
Revenues:	<u>\$13,969,800</u>	<u>\$12,731,252</u>	<u>\$15,771,732</u>	<u>\$12,010,694</u>	<u>\$10,982,709</u>
Expenses:					
Water Purchased	\$4,230,694	\$4,215,899	\$4,356,520	\$3,769,111	\$3,553,117
Sewage Disposal Contract	2,169,091	2,205,728	1,787,319	2,028,647	2,117,145
Other	3,071,397	2,791,115	2,708,168	2,630,397	3,189,418
Total	<u>\$ 9,471,182</u>	<u>\$ 9,212,742</u>	<u>\$ 8,852,007</u>	<u>\$ 8,428,155</u>	<u>\$ 8,859,680</u>
 Net Available for Debt Service	 \$4,498,618	 \$3,518,510	 \$6,919,725	 \$3,582,539	 \$2,123,029
 Water Customers	 9,441	 9,472	 9,490	 9,444	 9,442
 Waterworks and Sewer System Revenue Bonds Outstanding	 \$0				
 Interest and Sinking Fund (as of 9-30-2008)	 \$0				
 Reserve Fund and Emergency Fund (as of 9-30-2008)	 \$0				

TABLE 2 - TOP TEN WATER CUSTOMERS

Customer	2008	% of Total Consumption	2007
	Consumption Gallons		Revenues
Dallas Semiconductor	156,337,000	5.0%	\$518,658
Lakeview at Parkside	52,545,000	1.7%	181,378
TCI Park West	52,066,000	1.7%	174,686
Cooks Creek Apartments	32,302,000	1.0%	113,888
Daltex	30,502,000	1.0%	100,811
Quebecor World	29,026,000	0.9%	93,561
Omni Dallas Hotel	26,231,000	0.8%	84,621
Parish Day School	24,988,000	0.8%	82,672
Carrollton/Farmers Branch ISD	24,936,000	0.8%	82,815
RHD Memorial Hospital	23,197,000	0.7%	70,229

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

Water Rates		Sewer Rates	
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)

<u>Meter Size</u>	<u>Meter Charge</u>
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)

<u>Revenues</u>	Fiscal Year Ended September 30,				
	2008 ⁽¹⁾	2007	2006	2005	2004
Charges for Services	\$ 298,118	\$ 257,989	\$ 282,762	\$ 247,255	\$ 221,939
Other Operating Revenue	2	384	11,050	14,690	11,748
Interest on Investments	14,207	12,070	8,455	5,705	7,244
Miscellaneous Revenue	943	5,820	877	1,233	710
Total Revenues	\$ 313,270	\$ 276,263	\$ 303,144	\$ 268,883	\$ 241,641
<u>Expenses</u>					
Personal Services	\$ 58,109	\$ 49,769	\$ 44,490	\$ 40,459	\$ 38,476
Supplies and Materials	19,561	17,272	16,366	13,468	12,400
Contractual Services	87,764	84,941	91,084	70,462	80,976
Total Expenses	\$ 165,434	\$ 151,982	\$ 151,940	\$ 124,389	\$ 131,852
 Net Available for Debt Service	 \$ 147,836	 \$ 124,281	 \$ 151,204	 \$ 144,494	 \$ 109,789
 Water Accounts	 217,566	 212,213	 206,206	 196,257	 185,616
Sewer Accounts	208,408	203,549	197,617	188,814	178,564

(1) Preliminary, provided by City Officials.

TABLE 2 - COVERAGE AND FUND BALANCES

Average Annual Principal and Interest Requirements, 2009 - 2027 ⁽¹⁾	\$ 55,138,335
Coverage of Average Annual Requirements by 9/30/08 Unaudited Net Available for Debt Service	2.68x
Maximum Principal and Interest Requirements, 2009 ⁽¹⁾	\$ 84,573,473
Coverage of Maximum Requirements by 9/30/08 Unaudited Net Available for Debt Service	1.75x
Water and Sewer System Revenue Bonds Outstanding, 9/30/08 ⁽¹⁾	\$ 865,819,970
<u>Prior Lien Bonds</u>	
Interest and Sinking Fund, 9/30/08 ⁽²⁾	\$ 27,828,822
Reserve Fund Balance, 9/30/08	\$ - ⁽³⁾
<u>Subordinate Lien Bonds</u>	
Interest and Sinking Fund, 9/30/08 ⁽²⁾	\$ 30,889,992
Reserve Fund Balance, 9/30/08	\$ - ⁽³⁾

(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 and CIFG Surety Policies.

TABLE 3 - AUTHORIZED BUT UNISSUED REVENUE BONDS ⁽¹⁾

Purpose	Date Authorized	Amount Authorized	Amount Previously Issued	Unissued Balance
Street Improvements	5/22/1982	\$ 77,285,000	\$ 77,050,000	\$ 235,000
Park and Recreation Improvements	3/22/1986	16,650,000	16,647,000	3,000
Street and Drainage Improvements	2/7/2004	232,900,000	147,665,000	85,235,000
Parks and Recreation Improvements	2/7/2004	21,615,000	15,000,000	6,615,000
Street Improvements	5/10/2008	150,000,000	18,000,000	132,000,000
		<u>\$ 498,450,000</u>	<u>\$ 274,362,000</u>	<u>\$ 224,088,000</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⁾

Fiscal Year Ending 9/30	Meters in Service	Total Water Pumped, M.G.	Average Daily, M.G.D.	Maximum Day's Pumpage, M.G.D.	Average GPD Per Meter	Ratio Maximum Day to Average Day
2004	190,930	42,022.4	114.8	185.89	656	1.62x
2005	204,131	63,592.9	174.2	305.00	854	1.80x
2006	214,053	53,191.1	145.7	289.10	743	2.00x
2007	221,089	44,729.1	122.6	271.33	554	2.21x
2008	215,963	45,279.1	123.7	272.26	573	2.20x

(1) Source: City's Water Department.

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

Customer	Total 2008 Consumption (Gallons)	Revenue	% of Total Water Usage
Miller Brewing Company	908,441,879	\$ 1,899,893	1.17%
Alcon	321,899,481	845,673	0.52%
Lockheed Martin Corp. Aircraft	320,349,251	680,100	0.42%
Fort Worth ISD	263,516,585	896,780	0.55%
American Airlines	221,212,248	583,635	0.36%
Tarrant County	216,716,619	631,053	0.39%
Texas Health Resources	200,290,389	587,221	0.36%
Texas Christian University	190,735,362	620,006	0.38%
Zoological Association	188,413,271	501,287	0.31%
XTO Energy Inc.	175,758,158	633,969	0.39%
	<u>3,007,333,245</u>	<u>\$ 7,879,617</u>	<u>4.85%</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
2004	15,288.0	10,844.0	3,513.1	16,484.1	2,746.8	\$48,876.0
2005	17,078.7	11,215.1	3,684.8	19,798.6	3,264.4	55,041.6
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	3,674.2	21,598.0	4,206.8	59,807.8

(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
2004	42,002.4	16,118.6	58,121.0
2005	44,036.7	19,556.2	63,592.9
2006	53,191.1	22,531.4	75,722.5
2007	44,729.1	18,011.6	62,740.7
2008	45,279.2	21,638.1	66,917.3

(1) Source: City's Water Department.

TABLE 8 - MONTHLY WATER RATES (EFFECTIVE JANUARY 1, 2009)

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"	\$ 6.00	4"	\$ 83.50
1"	8.50	6"	182.00
1 1/2"	15.50	8"	310.00
2"	23.00	10"	490.00
3"	47.50		

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

TABLE 9 - MONTHLY WATER RATES (VOLUME CHARGE ONLY) (EFFECTIVE JANUARY 1, 2009)

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	\$1.80 per 100 Cu. Ft.	First 10,000	\$2.47 per 100 Cu. Ft.	First 10,000	\$2.47 per 100 Cu. Ft.
Next 1,200	2.51 per 100 Cu. Ft.	Over 10,000	2.91 per 100 Cu. Ft.	Over 10,000	2.91 per 100 Cu. Ft.
Nest 1,000	3.09 per 100 Cu. Ft.				
Over 3,000	3.71 per 100 Cu. Ft.				

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

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

Raw Water Service
(Effective January 1, 2009)

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

Rates for Wholesale Water Service

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

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

* Plus raw water cost.

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TABLE 10 - RATES FOR WHOLESALE WATER CONTRACTS

Inside and Outside Tarrant Regional Water District
(Effective January 1, 2009)

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

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

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

	District	District
Volume Charge, per 1,000 Gallons	\$ 1.1735	\$ 1.2221
Commodity Charge, per 1,000 Gallons *	\$ 1.1735	\$ 1.2221
Excess Maximum Day Demand (per MGD of daily demand in excess of average day demand)	\$ 108,262	\$ 108,262
Excess Maximum Hour Demand (annual charge per MGD of hourly demand in excess of maximum day demand)	\$ 16,895	\$ 16,895
Service Charge per Meter per Month	\$ 25	\$ 25

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

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

The City sells water to the following wholesale customers each of which contribute more than 5% of total System revenues (for Fiscal Year 2008) as a result of the purchase of water from the City.

Wholesale Purchaser	Percent of System Revenues
Burleson	7.0%
Haltom City	8.8%
Hurst	8.8%
Keller	11.0%
North Richland Hills	13.7%
Southlake	16.5%

TABLE 11 - STATUS OF CONTRACTS

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

* The City does not supply water to this entity.

**The City does not treat wastewater from this entity.

TABLE 12 - TEN LARGEST WASTEWATER CUSTOMERS ⁽¹⁾

Customer	Total 2008 Usage (Gallons)	Revenue	% of Total Wastewater Usage
Miller Brewing Company	567,567,724	\$ 2,659,175	2.19%
Lockheed Martin Corporation Aircraft	192,745,538	622,167	0.51%
Tarrant County	172,834,032	700,839	0.58%
Alcon	162,175,226	556,654	0.46%
Con Agra Foods	137,932,113	527,301	0.44%
Bell Helicopter Textron	123,211,832	501,031	0.41%
Dannon Company	121,651,130	501,070	0.41%
Fort Worth ISD	118,155,052	359,340	0.30%
FMC - Carswell	107,854,718	435,473	0.36%
TX Health Resources	101,692,470	565,880	0.47%
	<u>1,805,819,835</u>	<u>\$ 7,428,930</u>	<u>6.13%</u>

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

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

Customer Class	Number of Accounts	Volume Billed MG	Sales
Residential	194,436	10,824.4	\$ 47,880,004
Commercial	13,075	9,033.9	38,008,179
Commercial Monitored	537	475.5	2,000,430
Industrial	177	169.2	715,947
Industrial Monitored	159	2,307.2	10,210,412
Municipalities	23	11,399.4	22,284,094
Effluent	1	143.3	72,252
Total	<u>208,408</u>	<u>34,352.9</u>	<u>\$121,171,318</u>

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TABLE 14 - WASTEWATER RETAIL SERVICE RATES (EFFECTIVE JANUARY 1, 2009)

Rates for Sewerage Service Only ⁽¹⁾

(1) A monthly service charge shall be charged to all customers in the amount of four dollars and fifty cents (\$4.50).

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

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

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

Monitored Groups	
Customer Monthly Service Charge	\$4.5000
Volume Charge, per 100 cubic feet	\$2.3400
BOD Strength Charge, per pound of BOD	\$0.2208
Suspended Solids Strength Charge per pound of suspended solids	\$0.1010
Dissolve Solids Strength Charge (Gas Well Drillers Only)	\$0.042 per pound of DS
Dissolved Solids Strength Charge, per pound of dissolved solids (applicable to gas well drillers)	\$0.0420
Monitoring Charge	Total actual cost

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

TABLE 15 - WASTEWATER WHOLESALE SERVICE RATES (EFFECTIVE JANUARY 1, 2009)

Rates for Wholesale Wastewater Contracts ⁽¹⁾

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

The following wholesalers each contribute more than 5% of total System revenues (for Fiscal Year 2008) as a result of their wholesale use of wastewater.

Wholesale Purchaser	Percent of System Revenues
Benbrook	7.6%
Burleson	9.6%
Haltom City	11.7%
Hurst	7.6%
North Richland Hills	5.4%
Saginaw	7.6%
Trinity River Authority	14.6%
Watauga	6.0%
White Settlement	5.8%

(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,				
	2008	2007	2006	2005	2004
Revenues ⁽¹⁾					
Sales to Customers	\$ 24,727,528	\$ 21,870,559	\$ 25,037,377	\$ 19,550,313	\$ 17,318,723
Wastewater Charges to					
General Customers	15,385,150	14,693,772	14,105,857	12,279,020	11,799,953
Water Surcharge/Monitoring	589,489	556,724	640,335	627,143	568,661
Impact Fees	2,250,784	3,825,610	2,045,256	1,933,358	1,484,692
Other	4,683,852	5,999,761	4,024,613	1,371,001	3,321,311
Total Revenues	\$ 47,636,803	\$ 46,946,426	\$ 45,853,438	\$ 35,760,835	\$ 34,493,340
Expenses ⁽²⁾					
Salaries & Personnel Benefits	\$ 5,741,064	\$ 5,209,578	\$ 4,753,053	\$ 4,972,165	\$ 4,487,679
Professional Services	4,451,387	3,431,158	4,651,788	3,313,877	2,479,680
Franchise Fees	1,594,601	1,411,067	1,604,168	1,299,911	1,190,216
Water Purchase	9,214,660	9,218,766	9,260,747	7,051,566	6,683,792
Wastewater Treatment	8,359,440	7,524,675	7,444,990	7,831,767	6,386,274
Other ⁽³⁾	2,593,240	2,521,005	2,704,795	2,390,446	2,083,134
Total Expenses	\$ 31,954,392	\$ 29,316,249	\$ 30,419,541	\$ 26,859,732	\$ 23,310,775
 Available for Debt Service	 <u>\$ 15,682,411</u>	 <u>\$ 17,630,177</u>	 <u>\$ 15,433,897</u>	 <u>\$ 8,901,103</u>	 <u>\$ 11,182,565</u>

(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 9/30/08	\$ 4,712,164
Coverage of Average Annual Requirements based on 9/30/08 Revenue Available for Debt Service	3.33 x
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 9/30/08	\$ 6,710,935
Coverage of Total Requirements based on 9/30/08 Revenue Available for Debt Service	2.34 x

TABLE 3 - AUTHORIZED BUT UNISSUED REVENUE BONDS

As of September 30, 2008, the City has no authorized revenue bonds.

TABLE 4 - DALLAS WATER UTILITIES

Year Ended 9/30	Dallas Water Utilities		City of Ft. Worth	Total Cost of Water Purchased
	Volume Charges	Demand Charges	Volume Charges	
2004	\$ 2,291,253	\$ 3,926,081	\$ 466,458	\$ 6,683,792
2005	2,563,201	4,223,143	379,806	7,166,150
2006	2,840,265	5,378,568	1,041,913	9,260,746
2007	5,407,021	5,681,405	1,130,340	9,218,766
2008	2,785,551	5,458,801	1,063,445	9,307,797

TABLE 5 - WATER AND WASTEWATER RATES (EFFECTIVE OCTOBER 1, 2008) ⁽¹⁾

Water Rates (Per 1,000 Gallons)	Previous (10/1/07)	Present (10/1/08)
Classification		
Residential		
Per 1,000 gallons, total usage 3,000 gallons or less	\$ 1.87	\$ 1.87
Per 1,000 gallons, total usage more than 3,000 gallons, and up and including 20,000 gallons	2.60	2.80
Per 1,000 gallons, all quantities over 20,000 gallons	4.00	4.50
Commercial	2.30	2.50
Industrial	2.30	2.50
Governmental	2.20	2.40
Minimum Monthly Charge (Based on Meter Size):		
<u>5/8" or 3/4"</u>	\$ 5.97	\$ 6.46
1"	7.97	8.62
1 1/4"	8.97	9.71
1 1/2"	9.97	10.79
2"	16.47	17.82
3"	55.97	59.67
4"	70.97	75.90
6"	105.97	113.77
8"	145.97	157.05
10"	152.97	164.63
12"	160.97	174.17
Wastewater Rates (Per 1,000 Gallons)		
Classification		
Residential	\$ 2.60	\$ 2.76
Commercial	3.08	3.25
Industrial	3.08	3.25
Governmental	2.75	2.91
Wastewater Minimum charges based on meter size		
<u>5/8" or 3/4"</u>	\$ 5.15	\$ 5.55
1"	5.56	5.96
1 1/4"	5.80	6.28
1 1/2"	6.17	6.68
2"	6.55	7.09
3"	7.78	8.42
4"	12.74	13.78
6"	20.16	21.81
8"	27.58	29.84
10"	39.96	43.24
12"	46.78	50.62

(1) Source: City Staff.

TABLE 6 - AVERAGE DAILY WATER USAGE (GALLONS)

Year Ended	Average Daily Usage	Maximum Day's Use	Total Pumped In
2004	21,156,854	35,138,102	7,743,408,661
2005	25,048,028	41,263,761	9,167,578,104
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

TABLE 7 - AVERAGE DAILY WASTEWATER FLOW

Fiscal Year Ended	Average Daily Flow
2004	17,303,000
2005	17,056,000
2006	15,418,200
2007	15,787,038
2008	14,176,500

TABLE 8 - WASTEWATER TREATMENT

Fiscal Year Ended	Wastewater Treatment			Joe Pool Intake	Joe Pool Corp of Engineers	Total
	Operation and Maintenance	Debt Service	Subtotal			
2004	\$2,676,536	\$3,480,936	\$6,157,472	\$160,163	\$349,084	\$6,666,719
2005	3,737,732	3,961,277	7,699,009	185,136	416,034	8,300,179
2006	3,267,251	4,177,739	7,444,990	44,249	380,806	7,870,045
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

TABLE 9 - TEN LARGEST WATER AND WASTEWATER CUSTOMERS

Customers	Fiscal Year Ended September 30, 2008			
	Total Consumption ⁽¹⁾	Amount Billed		
		Billed	Water	Wastewater
Bell Helicopter	80,275	\$ 385,457	\$ 187,176	\$ 198,281
Lockheed-Martin	63,235	306,058	149,207	156,851
KMB Produce	52,966	250,008	123,289	126,719
Poly America	49,218	218,910	115,889	103,021
North Texas Healthcare Laundry	40,638	192,857	94,141	98,716
Apple Residential Investment	37,032	251,081	162,865	88,216
Lone Star Park at Grand Prairie	35,451	179,372	90,006	89,366
Mountain Creek	32,275	221,004	127,017	93,987
Avion Village	25,309	170,642	108,995	61,647
Amerisouth VI LTD	24,754	158,145	104,805	53,340
Totals	441,153	\$ 2,333,534	\$ 1,263,390	\$ 1,070,144

(1) In 1,000 Gallons.

CITY OF GRAPEVINE, TEXAS

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

	Fiscal Year Ended September 30,				
	2008	2007	2006	2005	2004
Revenues:					
Charges for Services	\$ 18,893,000	\$ 17,689,000	\$ 20,348,000	\$ 17,929,000	\$ 16,595,242
Operating Expenses: ⁽²⁾					
Salaries and Benefits	\$ 2,512,000	\$ 2,290,000	\$ 2,031,000	\$ 2,033,000	\$ 2,188,023
Maintenance, Repairs and Supplies	8,919,000	7,379,000	7,449,000	6,301,000	5,640,399
General and Administrative	2,728,000	2,753,000	2,156,000	2,359,000	3,026,049
Total Operating Expenses	\$ 14,159,000	\$ 12,422,000	\$ 11,636,000	\$ 10,693,000	\$ 10,854,471
Net Revenue from Operations	\$ 4,734,000	\$ 5,267,000	\$ 8,712,000	\$ 7,236,000	\$ 5,740,771
Investment Income	1,036,000	1,422,474	1,024,000	641,000	392,280
Impact Fee	6,128,145	5,668,837	2,342,000	3,857,000	2,891,992
Other Net	163,000	611,000	394,000	308,000	598,392
Net Available for Debt Service	\$ 12,061,145	\$ 12,969,311	\$ 12,472,000	\$ 12,042,000	\$ 9,623,435
Average Annual Debt	\$ 1,119,023	\$ 1,204,502	\$ 1,998,457	\$ 2,138,067	\$ 2,261,399
Average Annual Debt Coverage	10.78x	10.77x	6.24x	5.63x	4.26x
Average Annual Debt Coverage without Impact Fees	5.30x	6.06x	5.07x	3.83x	2.98x
Water Customers	13,995	13,965	13,803	13,860	13,676
Wastewater Customers	12,946	12,866	12,858	12,686	12,461

(1) Beginning Fiscal Year Ending September 30, 2005, figures will be shown in Thousands (000's) to reflect the City's audited financial statements.

(2) Excludes depreciation and amortization.

TABLE 2 - COVERAGE AND FUND BALANCES

Average Annual Principal and Interest Requirements, 2009-2021	\$ 1,119,023
Coverage of Average Requirements by 9/30/08 Net Available	5.30x
Maximum Principal and Interest Requirements, 2009	\$ 2,317,578
Coverage of Maximum Requirements by 9/30/08 Net Available	2.56x
Waterworks and Sewer System Revenue Bonds Outstanding as of 2/1/09	\$ 11,570,000
Interest and Sinking Fund, 9/30/08 ⁽¹⁾	\$ 194,000
Reserve Fund, 9/30/08 ⁽¹⁾	\$ 1,121,000

(1) Beginning Fiscal Year Ending September 30, 2005, figures will be shown in Thousands (000's) to reflect the City's audited financial statements.

TABLE 3 - WATER USAGE

Fiscal Year	Peak Day Usage	Average Day Usage	Total Usage ⁽¹⁾
2004	16,624,000	8,585,000	3,142,132,000
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

(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.

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,				
	2008	2007	2006	2005	2004
Revenues					
Water Sales	\$ 15,995,988	\$ 13,767,155	\$ 16,940,687	\$ 9,327,587	\$ 7,998,988
Sewer Service Charges	-	-	-	4,857,720	4,365,314
Penalties and Interest	-	-	-	-	310,915
Interest on Investments	715,963	956,364	716,560	344,969	158,411
Miscellaneous	524,158	509,257	603,016	470,536	295,018
Total Revenue	\$ 17,236,109	\$ 15,232,776	\$ 18,260,263	\$ 15,000,812	\$ 13,128,646
Expenses					
Personnel Services	\$ 3,447,177	\$ 3,196,215	\$ 3,258,539	\$ 3,085,360	\$ 2,808,619
Contractual Services	5,616,183	5,081,863	5,652,114	5,128,798	4,785,019
Repairs and Maintenance	489,441	505,073	484,371	615,092	483,670
Materials and Supplies	186,991	160,761	164,787	145,548	110,695
Indirect Cost/Street Rental Fees	3,216,231	3,082,281	3,178,831	2,579,378	2,523,967
Other	1,268,368	1,102,964	1,145,308	1,071,044	1,094,860
Total Expense	\$ 14,224,391	\$ 13,129,157	\$ 13,883,950	\$ 12,625,220	\$ 11,806,830
Net Available for Debt Service	\$ 3,011,718	\$ 2,103,619	\$ 4,376,313	\$ 2,375,592	\$ 1,321,816
Water Customers	12,094	12,202	12,060	12,154	12,445
Sewer Customers	11,887	12,444	12,302	11,614	11,614

TABLE 2 - COVERAGE AND FUND BALANCES

Average Annual Principal and Interest Requirements, 2009-2019	\$ 364,274
Coverage of Average Annual Requirements by 9-30-08 Net Available for Debt Service	8.27 Times
Maximum Annual Principal and Interest Requirements - 2009	\$ 480,930
Coverage of Average Annual Requirements by 9-30-08 Net Available for Debt Service	6.26 Times
Waterworks and Sewer System Revenue Bonds Outstanding at 9-30-08	\$ 3,130,000
Interest and Sinking Fund Balance at 9-30-08	\$ 189,258
Reserve Fund Balance at 9-30-08	\$ 1,226,722

TABLE 3 - AUTHORIZED BUT UNISSUED REVENUE BONDS

As of September 30, 2008, the City has no authorized but unissued revenue debt.

TABLE 4 - HISTORICAL WATER USAGE

Fiscal Year Ended 9/30	Water Usage		
	Average	Peak Day	Total
	Day	Usage	Usage
	Usage	Usage	Usage
	(Gallons)	(Gallons)	(Gallons)
2004	5,482,000	22,300,000	1,865,209,000
2005	5,580,000	28,000,000	2,180,565,000
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

TABLE 5 - MONTHLY WATER RATES (EFFECTIVE NOVEMBER 1, 2007)

All customers		
Minimum	2,000 gallons	\$11.68
Over	2,000 gallons	\$4.70 per 1,000 gallons

TABLE 6 - MONTHLY SEWER RATES (EFFECTIVE NOVEMBER 1, 2007)

- (1) Minimum All Flows \$8.45
\$2.71 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.

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CITY OF IRVING, TEXAS

TABLE 1 - CONDENSED STATEMENT OF OPERATIONS

	Fiscal Year Ended September 30				
	2008	2007	2006	2005	2004
Operating Revenues:					
Charges for Services	\$ 71,658,774	\$ 62,085,043	\$ 69,908,890	\$ 63,476,236	\$ 59,567,399
Total Operating Revenues	\$ 71,658,774	\$ 62,085,043	\$ 69,908,890	\$ 63,476,236	\$ 59,567,399
Operating Expenses:					
Water Purchases	11,559,385	\$ 12,497,247	\$ 12,005,499	\$ 13,603,617	\$ 13,764,488
Sewer Treatment Costs	12,659,184	12,085,752	10,125,032	9,644,197	9,935,577
Personnel Services	9,650,308	9,573,327	9,595,576	8,461,646	8,279,259
Supplies	2,627,084	1,064,527	964,951	636,429	548,768
Maintenance	1,960,938	1,902,093	1,704,875	1,598,353	2,247,995
Light and Power	3,680,462	3,115,968	5,349,227	2,613,778	2,055,286
Depreciation	11,572,922	11,235,473	10,506,882	10,448,458	6,524,100
Sundry Charges	706,048	3,550,127	2,419,431	4,718,549	1,166,972
Administrative Charges	4,018,809	-	-	-	-
Other	3,227,384	3,627,027	5,605,831	1,984,955	1,671,150
Total Operating Expenses	\$ 61,662,524	\$ 58,651,541	\$ 58,277,304	\$ 53,709,982	\$ 46,193,595
Non-Operating Revenues (Expenses):					
Interest Income	\$ 2,792,518	\$ 3,966,006	\$ 3,237,604	\$ 1,985,695	\$ 860,028
Interest Expense	(8,380,086)	(8,321,854)	(7,180,525)	(6,233,878)	(6,945,018)
Loss on Disposal of Fixed Assets	-	(42,408)	(45,839)	-	(466,268)
Transfers Out	-	-	-	(3,896,861)	(3,689,613)
Total Non-Operating Revenues	\$ (5,587,568)	\$ (4,398,256)	\$ (3,988,760)	\$ (8,145,044)	\$ (10,240,871)
Net Income	\$ 4,408,682	\$ (964,754)	\$ 7,642,826	\$ 1,621,210	\$ 3,132,933
Add:					
Depreciation	\$ 11,572,922	\$ 11,235,473	\$ 10,506,882	\$ 10,448,458	\$ 6,524,100
Interest Expense	8,380,086	8,321,854	7,180,525	6,233,878	6,945,018
Transfers Out	-	-	-	3,896,861	3,689,613
(Gain) Loss on Disposal of Fixed Assets	-	42,408	45,839	-	466,268
Net Revenue Available for Debt Service	\$ 24,361,690	\$ 18,634,981	\$ 25,376,072	\$ 22,200,407	\$ 20,757,932
Average Annual Debt Service Requirement	\$ 12,595,323	\$ 11,997,797	\$ 12,601,209	\$ 12,067,422	\$ 11,402,238
Coverage Ratio	1.93	1.55	2.01	1.84	1.82
Maximum Annual Debt Service Requirement	\$ 17,536,229	\$ 17,493,586	\$ 17,016,892	\$ 15,787,859	\$ 13,936,933
Coverage Ratio	1.39	1.07	1.49	1.41	1.49

CONNECTIONS

	Fiscal Year Ended September 30,				
	2008 ⁽¹⁾	2007 ⁽²⁾	2006 ⁽³⁾	2005 ⁽⁴⁾	2004 ⁽⁵⁾
Water Customers	42,886	42,101	41,441	43,351	44,135
Sewer Customers	40,631	40,034	39,487	41,301	41,801

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

(2) Includes 1,064 master meters serving 49,965 apartments and other multiple units.

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

(4) Includes 1,066 master meters serving 49,791 apartments and other multiple units.

(5) Includes 1,056 master meters serving 49,523 apartments and other multiple units.

TABLE 2 - COVERAGE AND FUND BALANCES

Average Annual Principal and Interest Requirements, 2009 - 2028 ⁽¹⁾	\$ 12,595,323
Coverage of Average Requirements by 2008 Net Revenue Available for Debt Service ⁽¹⁾	1.93
Maximum Principal and Interest Requirements, 2015	\$ 17,536,229
Coverage of Maximum Requirements by 2008 Net Revenue Available for Debt Service ⁽¹⁾	1.39
Waterworks and Sewer System Revenue Bonds Outstanding, September 30, 2008	\$ 177,050,000
Previously Issued Senior Lien Bond Interest and Sinking Fund, 9/30/08 ⁽²⁾	\$ 4,597,038
Previously Issued Senior Lien Bond Reserve Fund, 9/30/08 ⁽²⁾	\$ 4,620,253
Previously Issued Senior Lien Bond Contingency Fund, 9/30/08 ⁽²⁾	\$ 198,013
New Lien Bond Interest and Sinking Fund, 9/30/08	\$ 2,170,063
New Lien Bond Reserve Fund, 9/30/08 ⁽³⁾	\$ 6,170,155

- (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) The amounts in the Previously Issued Senior Lien Bond Interest and Sinking Fund, the Previously Issued Senior Lien Bond Reserve Fund and the Previously Issued Senior Lien Bond Contingencies Fund are only available to pay debt service on the Previously Issued Senior Lien Bonds in accordance with the provisions of the ordinances authorizing the Previously Issued Senior Lien Bonds.
- (3) 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, 2008, the City does not have any authorized but unissued revenue bonds.

TABLE 4 - HISTORICAL WATER CONSUMPTION (THOUSANDS OF GALLONS)

Fiscal Year	Daily					
Ended 9/30	Average	Peak Day	Peak Month	Water Pumped	Water Billed	Water Revenue
2003	40,928	70,620	1,833,840	14,938,710	13,475,086	\$ 36,663,061
2004	36,570	57,400	1,474,190	13,384,568	12,356,080	35,349,573
2005	38,248	70,360	1,763,000	13,960,480	12,922,095	39,832,025
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	13,022,552	12,015,307	35,107,089
2008	35,370	65,642	1,971,620	14,892,200	12,909,885	42,947,265

(Remainder of page intentionally left blank.)

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	333,365	2.58%	981,325	2.28%
Irving ISD	Public School District	160,102	1.24%	559,000	1.30%
American Beverage	Soft Drink Bottler	128,855	1.00%	353,797	0.82%
Teccor Electronics	Electronics Manufacturer	94,678	0.73%	329,939	0.77%
Las Colinas Association	Homeowners Association	93,339	0.72%	328,111	0.76%
Valley Ranch Association	Homeowners Association	85,342	0.66%	301,505	0.70%
Regal Parc Apartments	Apartments	69,541	0.54%	241,412	0.56%
Four Seasons Resort	Hotel/Resort	66,169	0.51%	231,568	0.54%
University of Dallas	Private University	51,783	0.40%	181,786	0.42%
The Cabochon Apartments	Apartments	48,135	0.37%	166,918	0.39%
Total		1,131,309	8.76%	\$ 3,675,362	8.56%

TABLE 6 - MONTHLY WATER RATES

	Previous Rates (Effective 10/1/2007)	Present Rates (Effective 10/1/2008)
(a) Monthly Service Charge		
First 3,000 gallons of water, or less	\$7.68	
5/8" and 3/4" Meter		\$7.99
1" Meter		\$9.58
1 1/2" Meter		\$13.59
2" Meter		\$19.17
3" Meter		\$30.86
4" Meter		\$43.21
6" Meter		\$75.60
8" Meter		\$95.48
10" Meter		\$138.79
12" Meter		\$206.66
(b) Residential water rates:		
Next 7,000 gallons , per 1,000 gallons	\$3.14	\$3.27
Next 10,000 gallons, per 1,000 gallons	\$3.30	\$3.44
All over 20,000 gallons:		
October-May consumption, per 1,000 gallons	\$3.45	\$3.59
June -September consumption, per 1,000 gallons	\$3.75	\$3.90
(c) Apartment water rates:		
Next 7,000 gallons , per 1,000 gallons	\$3.14	\$3.27
Next 10,000 gallons, per 1,000 gallons	\$3.30	\$3.44
All over 20,000 gallons:		
October-May consumption, per 1,000 gallons	\$3.45	\$3.59
June -September consumption, per 1,000 gallons	\$3.75	\$3.80
(d) Commercial water rates:		
Next 7,000 gallons , per 1,000 gallons	\$3.14	\$3.27
Next 10,000 gallons, per 1,000 gallons	\$3.30	\$3.44
All over 20,000 gallons:		
October-May consumption, per 1,000 gallons	\$3.45	\$3.59
June -September consumption, per 1,000 gallons	\$3.75	\$3.80
(e) Large Industrial water rates:		
All over 3,000 gallons, per 1,000 gallons	\$2.95	\$3.07

TABLE 7 - WASTEWATER USAGE (THOUSANDS OF GALLONS)

<u>Fiscal Year Ended 9/30</u>	<u>Daily Average</u>	<u>Monthly Average</u>	<u>Total Usage</u>	<u>Total Revenues</u>
2003	25,581	778,099	9,337,184	17,547,125
2004	22,849	696,907	8,362,885	18,126,818
2005	23,593	717,635	8,611,620	17,813,142
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

TABLE 8 - MONTHLY SEWER RATES

	<u>Previous Rates (Effective 10/1/2007)</u> per 1,000 gallons	<u>Current Rates (Effective 10/1/2008)</u> per 1,000 gallons
Residential: First 2,000 gallons	\$4.46	\$4.64
Over 2,000 gallons	\$2.44	\$2.54
Commercial: First 10,000 gallons	\$23.21	\$24.14
Over 10,000 gallon	\$2.53	\$2.64
Industrial: First 15,000 gallons	\$34.82	\$36.22
Over 15,000 gallon	\$2.53	\$2.64

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,				
	2008	2007	2006	2005	2004
Gross Revenue ⁽¹⁾	\$ 19,041,462	\$ 15,999,831	\$ 19,423,269	\$ 15,487,700	\$ 12,315,214
Expenses ⁽²⁾ :					
Water Purchased	5,075,159	4,147,890	5,476,097	4,575,330	3,564,969
Other	5,996,841	6,730,916	6,033,663	5,399,606	4,984,312
Total Expenses	<u>\$ 11,072,000</u>	<u>\$ 10,878,806</u>	<u>\$ 11,509,760</u>	<u>\$ 9,974,936</u>	<u>\$ 8,549,281</u>
Net Revenue Available for Debt Service	<u>\$ 7,969,462</u>	<u>\$ 5,121,025</u>	<u>\$ 7,913,509</u>	<u>\$ 5,512,764</u>	<u>\$ 3,765,933</u>
Water Customers	13,741	13,419	13,111	13,376	12,924
Sewer Customers	11,190	10,912	10,595	10,156	9,764

(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, 2008, the City of Keller, Texas, has no water and sewer revenue debt outstanding.

TABLE 3 - AUTHORIZED BUT UNISSUED REVENUE BONDS

As of September 30, 2008, the City has no authorized but unissued revenue bonds.

TABLE 4 - WATER USAGE

Year Ended 30-Sep	Total Number of Pumped Gallons	Average Daily Pumped	Peak Daily Pumped
2004	2,443,623,000	6,677,000	13,226,000
2005	2,934,258,000	8,039,000	17,858,000
2006	3,539,265,000	9,697,000	18,481,000
2007	2,318,926,000	6,353,000	15,371,000
2008	3,007,045,000	8,216,000	18,785,000

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TABLE 5 - TEN LARGEST WATER CUSTOMERS

<u>Customer</u>	<u>Fiscal 2008 Water Usage (Gallons in 000's)</u>	<u>Estimated Percent of Water Usage</u>	<u>Water Revenues Received</u>
City of Keller	74,590	2.48%	\$ 193,912
Keller Independent School District	61,456	2.04%	327,859
Whiteco Residential, LLC	24,080	0.80%	128,097
Hidden Lakes Home Owner Ass'n	22,870	0.76%	123,758
Golden Corral Corp.	9,204	0.31%	47,453
Keller Senior Community, LP	8,674	0.29%	45,631
Home Depot, USA	7,712	0.26%	39,765
Keller Enid, LTD	7,672	0.26%	40,304
Keller Oaks Healthcare Center	7,366	0.24%	37,813
Mimosa Manor	7,168	0.24%	36,967
	<u>230,791</u>	<u>7.68%</u>	<u>\$ 1,021,559</u>
All Other Customers	2,776,255	92.32%	11,566,450
Total Water Sold	<u>3,007,046</u>	<u>100.00%</u>	<u>\$ 12,588,009</u>

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

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

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

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

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

Outside City Limits 1.15 times the above rates.

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CITY OF MANSFIELD, TEXAS

TABLE 1 - WATERWORKS AND SEWER SYSTEM CONDENSED STATEMENT OF OPERATIONS

	Fiscal Year Ended September 30,				
	2008	2007	2006	2005	2004
Revenues					
Water Service	\$ 10,539,996	\$ 9,589,397	\$ 11,004,048	\$ 8,334,061	\$ 7,170,461
Sewer Service	5,044,677	4,953,161	4,901,479	4,058,436	3,723,698
Charges for Services	1,147,407	-	959,555	1,080,133	765,174
Interest Earnings	413,313	1,129,357	836,565	543,665	153,872
Impact Fees	2,373,004	-	2,835,047	4,354,246	4,072,144
Miscellaneous	-	3,471,316	-	-	313,326
Total Revenues	\$ 19,518,397	\$ 19,143,231	\$ 20,536,694	\$ 18,370,541	\$ 16,198,675
Expenses					
Water Distribution	\$ 695,026	\$ 702,882	\$ 777,340	\$ 751,072	\$ 603,311
Wastewater Collection	3,360,465	3,335,447	3,155,057	2,343,091	1,952,311
Water Quality Control	4,392,187	4,888,280	4,635,115	3,473,806	2,897,887
Administration	2,014,130	1,984,345	1,470,847	1,372,743	1,172,169
Total Expenses	\$ 10,461,808	\$ 10,910,954	\$ 10,038,359	\$ 7,940,712	\$ 6,625,678
Net Available for Debt Service	\$ 9,056,589	\$ 8,232,277	\$ 10,498,335	\$ 10,429,829	\$ 9,572,997
Water Customers	18,303	17,700	17,240	16,302	15,199
Sewer Customers	16,102	15,552	14,875	13,820	12,674

TABLE 2 - COVERAGE AND FUND BALANCES

Average Annual Principal and Interest Requirements, 2009-2029	\$ 4,152,179
Coverage of Average Requirements by 9/30/08 Net Income	2.18x
Maximum Principal and Interest Requirements, 2015	\$ 5,499,151
Coverage of Maximum Requirements by 9/30/08 Net Income	1.65x
Waterworks and Sewer System Bonds Outstanding, 9/30/09	\$ 56,745,000
Water and Sewer Sinking and Reserve Fund, 12/31/08	\$ 5,255,888

TABLE 3 - AUTHORIZED BUT UNISSUED REVENUE BONDS

As of September 30, 2008, 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
2004	2,488,784,000	14,598,000	6,819,000
2005	3,143,416,000	18,330,000	8,612,000
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	20,000,000	9,771,222

TABLE 5 - TEN LARGEST WATER CUSTOMERS

Customer	2008 Water Usage	% of Total Water Usage	Water Revenue	Percent of Water Revenues
City of Mansfield	135,265,240	3.79%	\$ 406,825	3.72%
Walnut Creek Country Club	102,631,370	2.88%	85,363	0.78%
Mansfield ISD	94,329,090	2.64%	448,801	4.10%
Mansfield National Golf Club	76,041,500	2.13%	56,073	0.51%
Simeus Foods International	48,492,590	1.36%	110,005	1.01%
Chesapeake Energy	40,633,700	1.14%	128,000	1.17%
Solvay Engineered Polymers	29,296,170	0.82%	67,359	0.62%
GEM Microelectronics	28,070,600	0.79%	60,355	0.55%
Methodist Mansfield Medical Center	27,289,120	0.77%	96,462	0.88%
Johnson County SUD	24,832,100	0.70%	44,126	0.40%
	<u>606,881,480</u>	<u>17.02%</u>	<u>\$ 1,503,369</u>	<u>13.74%</u>

TABLE 6 - MONTHLY WATER RATES

Effective as of April, 2009	Current Rates
Base 2,000 Gallons (Minimum)	\$ 6.51
Base 2,001 Gallons (Minimum)	15.97
Each 1,000 up to 32,000 Gallons	2.61
After 32,000 Gallons each additional 1,000 Gallons and above	3.26

TABLE 7 - WASTEWATER USAGE (GALLONS)

Year Ending	Amount in Gallons (000)
9/30	
2004	1,386,558
2005	1,703,885
2006	1,883,863
2007	1,920,558
2008	1,890,373

TABLE 8 - MONTHLY SEWER RATES

Effective as of April, 2009	Current Rates
<u>Residential</u>	
Base 2,000 Gallons	\$ 6.45
Base 2,001 Gallons	13.31
Each 1,000 Over 2,000 Gallons	2.13
Maximum	38.87
Sewer Service Only - Flat Rate	34.61
<u>Commercial</u>	
Base 2,000 Gallons	\$ 13.31
Each 1,000 Over 2,000 Gallons	2.13
No Maximum	

CITY OF NORTH RICHLAND HILLS, TEXAS

TABLE 1 - WATERWORKS AND SEWER SYSTEM CONDENSED STATEMENT OF OPERATIONS

	Fiscal Year Ended September 30,				
	2008	2007	2006	2005	2004
<u>Operating Revenues</u>					
Water and Sewer Service Sales	\$ 23,440,190	\$ 18,818,231	\$ 24,061,471	\$ 20,659,169	\$ 19,571,781
Water and Sewer Connections	316,341	649,830	868,444	689,552	402,062
Service Charges	863,717	774,923	827,549	837,497	791,090
Inspection Fees	33,886	19,382	94,791	30,861	50,725
Assessment Revenue	-	311	-	1,634	-
Other Intergovernmental	1,645,800	1,367,659	43,966	33,347	320,896
Other Revenues	949	-	6,256	19,029	45,604
Other Income(Expense)	-	599,983	1,288,734	-	-
Investment Income	732,511	1,141,969	783,731	-	-
Total Revenues	<u>\$ 27,033,394</u>	<u>\$ 23,372,288</u>	<u>\$ 27,974,942</u>	<u>\$ 22,271,089</u>	<u>\$ 21,182,158</u>
<u>Operating Expenses⁽¹⁾</u>					
Contractual Services	\$ 15,054,545	\$ 12,071,305	\$ 12,136,573	\$ 12,045,577	\$ 11,498,554
Personal Services	4,654,648	4,349,076	4,236,859	3,827,718	3,721,169
Repairs and Maintenance	2,683,674	2,273,075	2,187,410	1,971,950	1,929,219
Supplies	91,877	162,976	155,373	152,467	128,152
Franchise Fees	691,337	594,207	705,119	615,871	558,976
Payments in Lieu of Taxes	-	357,847	344,779	329,727	318,856
Administration Fees	1,485,548	1,414,807	1,347,435	1,283,271	1,222,164
Total Operating Expenses	<u>\$ 24,661,629</u>	<u>\$ 21,223,293</u>	<u>\$ 21,113,548</u>	<u>\$ 20,226,581</u>	<u>\$ 19,377,090</u>
Net Available for Debt Service	\$ 2,371,765	\$ 2,148,995	\$ 6,861,394	\$ 2,044,508	\$ 1,805,068
<u>Water Connections</u>	20,282	20,516	19,784	19,356	18,977
<u>Sewer Connections</u>	19,053	19,350	18,618	18,257	17,898

(1) Excludes Depreciation.

TABLE 2 - COVERAGE AND FUND BALANCES

As of September 30, 2008, there is no revenue debt outstanding.

TABLE 3 - AUTHORIZED BUT UNISSUED REVENUE BONDS

As of September 30, 2008, the city has no authorized but unissued revenue bonds.

TABLE 4 - TOP TEN WATER USERS

Customer	Type of Property	FYE 9/30/08 Water Usage (In Gallons)	Percent of Total Water Usage
Doskocil Food Service	Commercial	119,529,577	3.31%
BGPC Equestrian GP LLC	Apartment Complex	45,682,499	1.27%
BISD	Schools	44,499,440	1.23%
Remington Oaks	Apartment Complex	35,316,573	0.98%
North Hills Hospital	Hospital	30,947,101	0.86%
Towne Oak Apt	Apartment Complex	21,862,200	0.61%
Silver Creek	Apartment Complex	20,556,222	0.57%
Tantara Club	Apartment Complex	19,572,677	0.54%
Mega Life & Health	Commercial	18,150,220	0.50%
Abbey Residential Services	Apartment Complex	17,763,923	0.49%
		<u>373,880,432</u>	<u>10.36%</u>

TABLE 5 - WATER USAGE

Fiscal Year	Peak Day Usage	Average Day Usage	Total Usage
2004	17,957,000	8,458,652	3,087,407,843
2005	20,853,000	9,460,977	3,453,256,700
2006	20,209,000	10,451,460	3,814,783,995
2007	18,321,300	8,814,723	3,217,374,000
2008	22,169,000	9,855,816	3,607,228,530

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

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)	Schedule A (Volume Used in Cubic Feet)						
	3/4"	1"	1 1/2"	2"	3"	4"	6" and 8"
Minimum Bill	\$ 9.30	\$ 15.53	\$ 30.97	\$ 49.57	\$ 108.53	\$ 195.30	\$ 434.03
Volume Charge:							
Minimum Bill for the first:	267	345	937	1,300	2,400	4,000	10,000
\$2.51 for all above:	267	345	937	1,300	2,400	4,000	10,000
Water Pass Through Charge:	Plus \$0.7040 per 100 cubic feet						

TABLE 7 - SEWER RATES (EFFECTIVE APRIL 1, 2008)

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 \$0.6888 per 100 cubic feet will also be applied.

Service Charge

\$ 7.27 Flat Rate
\$ 0.6688 per 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 February 1994)

<u>Customer Type</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Residential:	\$ 37.00	\$ 18.00	\$ 55.00
All sizes:			
Commercial:			
3/4" - 1 1/4"	\$ 55.00	\$ 36.00	\$ 91.00
1 1/2" - 4"	350.00	180.00	530.00
6" - 8"	4,300.00	2,710.00	7,010.00
Multi-family:			
All Sizes/Per Unit	\$ 20.00	\$ 19.00	\$ 39.00

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CITY OF SOUTHLAKE, TEXAS

TABLE 1 - WATERWORKS AND SEWER SYSTEM CONDENSED STATEMENT OF OPERATIONS

<u>Revenues</u>	Fiscal Year Ended September 30,				
	2008	2007	2006	2005	2004
Water and Sewer	\$ 18,400,304	\$ 15,227,379	\$ 19,996,304	\$ 15,931,973	\$ 13,670,772
Service Fees	141,548	172,793	169,612	165,684	43,620
Interest Income	594,891	1,183,987	1,024,603	412,793	380,571
Other Revenues	1,173	13,959	940,863	2,558	29,061
Total Revenues	\$ 19,137,916	\$ 16,598,118	\$ 22,131,382	\$ 16,513,008	\$ 14,124,024
<u>Expenses</u>					
Water Purchased	\$ 6,410,944	\$ 4,959,939	\$ 7,072,892	\$ 5,269,339	\$ 4,484,821
Other Expenses	8,408,937	6,975,204	6,060,365	5,834,655	5,785,318
Total Expenses	\$ 14,819,881	\$ 11,935,143	\$ 13,133,257	\$ 11,103,994	\$ 10,270,139
Net Available for Debt Service	\$ 4,318,035	\$ 4,662,975	\$ 8,998,125	\$ 5,409,014	\$ 3,853,885
Water Customers	9,209	8,994	8,714	8,584	8,299
Sewer Customers	6,945	6,810	6,498	6,358	6,119

TABLE 2 - COVERAGE AND FUND BALANCES

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

TABLE 3 - AUTHORIZED BUT UNISSUED REVENUE BONDS

As of September 30, 2008, 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
2004	2,717,880	7,425,902	21,249,000	\$ 9,215,588
2005	3,585,781	9,824,058	23,880,000	11,264,761
2006	4,171,441	13,072,443	27,075,000	14,388,152
2007	2,831,889	7,758,600	17,217,000	11,443,282
2008	3,711,816	10,141,574	26,865,000	12,523,990

TABLE 5 - TEN LARGEST WATER CUSTOMERS

Customer	Fiscal 2008			
	Water Usage ^a Gallons	% of Usage	Revenue	% of Revenue
Inland Southwest Management	39,248,147	1.06%	\$159,329	1.27%
Cenikor Realty Services, Inc.	14,684,058	0.40%	66,268	0.53%
Southlake Dunhill Holdings I LTD	13,908,870	0.37%	62,317	0.50%
Carroll High School-Aquatic Center	12,612,130	0.34%	59,945	0.48%
Carroll Senior High School	12,178,860	0.33%	58,347	0.47%
Carroll ISD	11,821,341	0.32%	54,071	0.43%
Sabre Inc.	11,618,370	0.31%	52,661	0.42%
Costco Utility Bills	11,367,775	0.31%	46,390	0.37%
Heartland Hotel Corp	10,534,400	0.28%	42,584	0.34%
Southern Star Concrete	9,355,934	0.25%	40,363	0.32%

TABLE 6 - MONTHLY WATER RATES

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

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

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

TABLE 7 - MONTHLY SEWER RATES

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

D

RESOLUTION NO. R-1234

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

THE STATE OF TEXAS :
TRINITY RIVER AUTHORITY OF TEXAS :

I, the undersigned, Assistant Secretary of the Board of Directors of Trinity River Authority of Texas, being the official keeper of the minutes and records of said Authority, hereby certify as follows:

1. The Board of Directors of said Authority convened in REGULAR MEETING ON THE 27TH DAY OF FEBRUARY, 2008, at the designated meeting place, and the roll was called of the duly constituted officers and members of said Board, to-wit:

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

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

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

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

NAY: None.

ABSTAIN: None.

2. That a true, full, and correct copy of the aforesaid Resolution adopted at the Meeting described in the above and foregoing paragraph is attached to and follows this Certificate; that said Resolution has been duly recorded in said Board's minutes of said Meeting; that the above and foregoing paragraph is a true, full, and correct excerpt from said Board's minutes of said Meeting pertaining to the adoption of said Resolution; that the persons named in the above and foregoing paragraph are the duly chosen, qualified, and acting officers and members of said Board as indicated therein; and that each of the officers and members of said Board was duly and sufficiently notified officially and personally, in advance, of the time, place, and purpose of the aforesaid Meeting, and that said Resolution would be introduced and considered for adoption at said Meeting; and that said Meeting was open to the public, and public notice of the time, place, and purpose of said Meeting was given, all as required by Chapter 551, Texas Government Code.

SIGNED AND SEALED the 27th day of February, 2008.

A handwritten signature in cursive script, appearing to read "Ann Scott", written over a horizontal line.

Assistant Secretary, Board of Directors,
Trinity River Authority of Texas

(AUTHORITY SEAL)

RESOLUTION NO. R-1234

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

THE STATE OF TEXAS :
TRINITY RIVER AUTHORITY OF TEXAS :

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

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

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

1. That an application is hereby approved and authorized to be filed with the Texas Water Development Board seeking financial assistance in an amount not exceed \$465,000,000 to provide for the costs of acquiring and constructing the Project.

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

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

Financial Advisor:

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

Engineer:

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

Bond Counsel:

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

E

APPLICATION AFFIDAVIT

THE STATE OF TEXAS
TRINITY RIVER AUTHORITY OF TEXAS

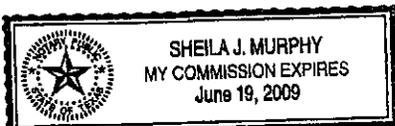
BEFORE ME, the undersigned, a Notary Public, in and for the State of Texas, on this day personally appeared the General Manager, who being by me duly sworn, upon oath says that (i) to the best of his knowledge and belief, the facts and information contained in the Application to the Texas Water Development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

TRINITY RIVER AUTHORITY OF TEXAS

By: _____

General Manager

SUBSCRIBED AND SWORN TO BEFORE ME, by Danny F. Vance, General Manager, this 27th day of Feb., 2008.



(SEAL)

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

My commission expires:

F

TRINITY RIVER AUTHORITY OF TEXAS - TOWN OF ADDISON
REGIONAL WASTEWATER SYSTEM CONTRACT

WHEREAS, there has been established in the Upper Trinity River Basin, generally in the area outlined in the Engineering Report, a Regional Wastewater System for the purpose of providing facilities to adequately receive, transport, treat, and dispose of Wastewater in such area; and

WHEREAS, the Town of Addison, in Dallas County Texas (the "Town") presently owns, operates and maintains its combined waterworks and sanitary sewer system; and

WHEREAS, the Town is desirous of discharging Wastewater into the Central Regional Wastewater System of the Trinity River Authority of Texas in accordance with this Contract in order to achieve efficiencies of costs and operation; and

WHEREAS, the Authority has heretofore entered into contracts with other parties, defined as Contracting Parties in said contracts, which permit the Authority to contract with Additional Contracting Parties, as defined in said contracts; and

WHEREAS, the Town of Addison is such an Additional Contracting Party under said contracts and will become a Contracting Party under this Contract; and

WHEREAS, the Town and Authority are authorized to make this Contract under Chapter 518, Acts of the 54th Legislature of the State of Texas, Regular Session, 1955, as amended (originally compiled as Vernon's Ann. Tex. Civ. St. Article 8280-188), Section 402.023 Local Government Code (formerly Vernon's Ann. Tex Civ. St. Article 1109i), and/or the Regional Waste Disposal Act (codified as Chapter 30, Texas Water Code); and

WHEREAS, the parties hereto recognize these facts:

(a) That the Authority will use the payments to be received under this and similar contracts for the payment of Operation and Maintenance Expense of the Authority's System and for the payment of the principal of and the interest on its Bonds and Outstanding Bonds and for the establishment and/or maintenance of reserves and other funds as provided in the Bond Resolution and in resolutions authorizing Outstanding Bonds; and that the revenues under such contracts will be pledged to such purposes; and

(b) That contracts similar to this instrument have been executed between the Authority and the other Contracting Parties and the Authority may execute contracts with Additional Contracting Parties; and

(c) That Authority has Outstanding Bonds which were issued to finance construction of the System as it exists as of the date of execution of this Contract, to refund previous indebtedness and to provide funds to enable it to construct extensions, improvements and enlargements to the System; and

(d) That Authority will issue Bonds from time to time in the future to further extend, enlarge and improve the System; and

(e) That Town and Authority are subject to all valid rules, regulations, and requirements of the Texas Water Commission, the Environmental Protection Agency and such State and Federal laws as now exist or may be enacted during the term of this agreement;

NOW, THEREFORE, the TOWN OF ADDISON and TRINITY RIVER AUTHORITY OF TEXAS do hereby contract and agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. DEFINITION OF TERMS. Terms and expressions as used in this Contract, unless the context clearly shows otherwise, shall have the following meanings:

(a) "Additional Contracting Party" means any party not defined as a Contracting Party with whom Authority makes a contract for receiving, transporting, treating, and disposing of Wastewater through the System.

(b) "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.

(c) "Annual Payment" means the amount of money to be paid to Authority by Town as its proportionate share of the Annual Requirement.

(d) "Annual Requirement" means the total amount of money required for Authority to pay all Operation and Maintenance Expense 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.

(e) "Authority" means the Trinity River Authority of Texas.

(f) "Authority's System", "Regional System", "Regional Wastewater System", "Central Wastewater Treatment System", "Central Regional Wastewater System", or "System" means all of Authority's facilities for receiving, transporting, treating, and disposing of Wastewater generally in the area described in the first preamble hereto, 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 Contracting Parties and Additional Contracting Parties which can economically and efficiently be served by said System. Said terms do not include Authority's facilities located within the boundaries of the Dallas-Fort Worth Regional Airport and defined as the "System" in the contract between Authority and the Dallas-Fort Worth Regional Airport Board dated July 16, 1971, as amended, Local Wastewater Facilities, any facilities constructed or acquired with proceeds of Special Project Bonds, as defined in the 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.

(g) "BOD" (denoting Biochemical Oxygen Demand) means the quantity of oxygen utilized in the biochemical oxidation of organic matter under standard laboratory procedure in five (5) days at 20° C., expressed in milligrams per liter (mg/l).

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

(i) "Bonds" means any bonds to be issued after the date of this Contract by the Authority pursuant to this 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.

(j) "Town" means the Town of Addison, in Dallas County, Texas.

(k) "Contracting Party" or "Contracting Parties" means one or more of the following: 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, the Town, and the Dallas/Fort Worth Regional Airport Board.

(l) "Daily Composite Quality" means the concentrations of a sample consisting of a minimum of three grab samples of effluent collected at regular intervals over a normal operating day and combined proportioned to flow, or a sample continuously collected proportional to flow over a normal operating day.

(m) "Domestic Wastewater" (sanitary sewage) means liquid and water-carried waste discharged from sanitary conveniences of dwellings, business buildings, institutions and the like, including Properly Shredded Garbage.

(n) "Engineering Report" means a report of Forrest and Cotton, Inc., Consulting Engineers, entitled Regional Wastewater System, dated December, 1971, as such report has been and 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.

(o) "Fiscal Year" means the twelve (12) month period beginning December 1 of each year and applies only to Authority (i.e., Fiscal Year 1985 is the twelve (12) month period ending November 30, 1985), or such other twelve (12) month period as may be established in the future to constitute Authority's Fiscal Year.

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

(q) "Grab Sample Quality" means the concentration of an individual sample of effluent collected in less than 15 minutes.

(r) "Grease" means fats, waxes, oils, and other similar materials in Wastewater, as determined by procedures specified in the latest edition of Standard Methods of Examination of Water and Wastewater, published by American Public Health Association, Inc.

(s) "Industrial User (IU)" means any person, including but not limited to, any individual firm, partnership, corporation, association, or any other legal entity, who discharges or desires to discharge industrial wastes to the Central Regional Wastewater System.

(t) "Industrial Wastes" means the liquid wastes from industrial processes as distinct from wastes in Domestic Wastewater.

(u) "Infiltration Water" means water that has migrated from the ground into the System.

(v) "Local Wastewater Facilities" means the facilities of Contracting Parties and Additional Contracting Parties for transportation of Wastewater to Points of Entry and any facilities used exclusively or primarily for the pre-treatment of Industrial Wastes.

(w) "Month" means calendar month.

(x) "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 and equipment necessary for proper operation and maintenance of the Authority's System, and payments made by 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.

(y) "Outstanding Bonds" means all Bonds issued by Authority prior to the date of this Contract to provide funds for construction, enlargement, extension, and improvement of the System which are outstanding on the date of this Contract.

(z) "pH" means the logarithm of the reciprocal of the hydrogen ion concentration. The concentration is the weight of the hydrogen ions, in grams, per liter of solution.

(aa) "Point of Entry" means the point at which Wastewater enters Authority's System.

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

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

(dd) "Significant Industrial User (SIU)" means any industrial user who is connected or desires to connect to the Town's municipal wastewater collection system and meets at least one of the following criteria:

(i) Average industrial wastewater discharge rate greater than 50,000 gpd.

(ii) BOD and/or suspended solids concentrations in industrial wastewater greater than 250 mg/l.

(iii) Industrial category regulated by National Pretreatment Standards as promulgated by the United States Environmental Protection Agency.

(iv) Has in its Wastewater discharges significant amounts of toxic pollutants as defined pursuant to Section 3.07 of the Clean Water Act, as amended, 33 V.S.C. 1251, et seq.

(ee) "Service Date" means the date upon which the Town first discharges Wastewater into the Wastewater Tunnel, hereinafter defined, after it is completed and placed into service; provided that the Town shall not make any such initial discharge unless, at least 30 days prior thereto, the Town and the City of Farmers Branch shall have given written notice and assurance to the Authority that the Wastewater Tunnel will be completed on a specified date which is not less than 30 days after the date such written notice and assurance is received by the Authority. The Service date is now estimated to be during October, 1993.

(ff) "SS" (denoting Suspended Solids) means solids removable by laboratory filtering expressed in milligrams per liter (mg/l) as determined by procedures specified in the latest edition of Standard Methods of Examination of Water and Wastewater, published by American Public Health Association, Inc.

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

(hh) "Wastewater" (sewage) means Domestic Wastewater and Industrial Waste, together with such Infiltration Water that may be present.

(ii) "Wastewater Tunnel" means the Farmers Branch- Addison Wastewater Tunnel Project described in a report entitled "Preliminary Engineering Report for Sanitary Sewer for City of Farmers Branch/Town of Addison" dated July, 1989, by

Consoer, Townsend & Associates, Inc., Houston, Texas, as such report may be supplemented or amended. The Wastewater Tunnel is planned to be constructed jointly by, or for the joint benefit of, the City of Farmers Branch and the Town, and it is not to be a part of the Authority's System. However, it will be designed and constructed to transport Wastewater from the Town and the City of Farmers Branch into the Authority's System for treatment, and to provide such metering equipment as is necessary to measure the separate Wastewater flows from the Town and the City of Farmers Branch, respectively, discharged from the Wastewater Tunnel into the Authority's System.

ARTICLE II

CONSTRUCTION OF FACILITIES BY AUTHORITY

Section 2.01. FACILITIES. In order to provide services for receiving, transporting, treating, and disposing of Wastewater for Town and others, Authority will design and construct extensions, improvements, and enlargements to its System, as described in the Engineering Report, and will own, operate, maintain, and from time to time expand the System.

ARTICLE III

DISCHARGE OF WASTEWATER AND METERING

Section 3.01. From and after the Service Date, as defined above, and subject to the terms of this Contract, Town shall have the right and the responsibility to discharge into the Wastewater Tunnel, as defined above, for transportation into the System, and Authority agrees to accept, from the Wastewater Tunnel and into the System, all Wastewater which originates from within that portion of the boundaries of the Town delineated in Exhibit A attached to this Contract (the "Service Area"); provided that the Service Area may be enlarged by mutual agreement of the parties hereto.

Section 3.02. DISCHARGE. In consideration of the payments to be made under this Contract, Town shall have the right to discharge the aforesaid Wastewater originating from the Service Area, subject to the requirements for quantity and quality as set forth in Article IV.

Section 3.03. POINT OF ENTRY. Town shall discharge Wastewater originating from the Service Area into the Wastewater Tunnel and thence into the Authority's System at a mutually agreeable point which shall be designated by the parties hereto as a Point of Entry. Additional Points of Entry may be mutually agreed upon by the parties hereto. The Town covenants that it will discharge all Wastewater originating from the Service Area into each designated Point of Entry for the Town during the term of this Contract. If and when the Service Area is enlarged the Town shall discharge all Wastewater generated in such enlarged area into Authority's System, at the appropriate Point of Entry, during the term of this Contract.

Section 3.04. CONVEYANCE TO POINT OF ENTRY. It shall be the sole responsibility of Town, including any liability incurred in connection therewith, to convey such Wastewater to the Point or Points of Entry.

Section 3.05. QUANTITY AT POINT OF ENTRY. (a) The quantity of Wastewater conveyed to the Point or Points of Entry by the Town shall be metered at a location or at locations mutually agreed to by the parties hereto, which may or may not be at a Point of Entry, and the total annual contributing flow of Wastewater received during any Fiscal Year shall be used to determine Town's Annual Payment as provided in Article V, as well as the surcharge as provided in Section 5.03(e).

(b) At each Point of Entry into the Authority's System, Town may deliver Wastewater at a Maximum Discharge Rate, defined as a rate in MGD, which, if continued over a period of twenty-four (24) hours would not exceed 3.50 times Town's estimated annual contributing flow expressed as a daily average in MGD.

Section 3.06. LIABILITY FOR DAMAGES AND RESPONSIBILITY FOR TREATMENT AND DISPOSAL OF WASTEWATER. Liability for damages arising from the reception, transportation, delivery, and disposal of all Wastewater discharged hereunder and originating from Town shall remain in Town to its discharge from the Wastewater Tunnel and into the System at the designated Point of Entry, and upon passing into the System liability for such damages shall pass to Authority. As between the parties, each party hereto agrees to save and hold the other party harmless from all claims, demands, and causes of action which may be asserted by anyone on account of the reception, transportation, delivery, and disposal while the aforesaid liability for damage is in such party. This covenant is not made for the benefit of any third party. Authority takes the responsibility as between the parties hereto for the proper reception, transportation, treatment, and disposal of all such Wastewater received by it from Town upon its discharge from the Wastewater Tunnel into the System. However, the Authority shall have no duty or responsibility for the operation or maintenance of the Wastewater Tunnel under this Contract, and it shall be the duty of the Town to assure that proper facilities and arrangements are provided to allow proper transfer of its Wastewater from the Wastewater Tunnel into the System. The Authority's responsibilities and duties for receiving and treating the Town's Wastewater hereunder are effective only upon proper discharge thereof into the Authority's System.

Section 3.07. METERING. Town shall furnish and install, at its own expense, at each Point of Entry and/or at such other location or locations designated by the Authority required to measure properly Town's contributing flow into the System, the necessary equipment and devices of standard type, an easement encompassing each meter station, and a power and access easement to each meter station, as required by the Authority, for measuring properly all Wastewater to be discharged under this agreement. Such meters and other equipment shall be the property of the Authority, and the Authority shall own, operate, and maintain these metering facilities. Town shall have access to such metering equipment at all reasonable times for inspection and examination, but the reading, calibration, and adjustment thereof shall be done only by employees or agents of Authority in the presence of a representative of the Town if requested by the Town. All readings of meters will be entered upon proper books of record maintained by the Authority. Upon written request Town may have access to said record books during reasonable business hours.

Not more than three times in each year of operation, Authority shall calibrate its meters, if requested in writing by Town to do so, in the presence of a representative of Town, and the parties shall jointly observe any adjustments which are made to the meters in case any adjustment is found to be necessary.

If, for any reason, any meters are out of service or out of repair, or if, upon any test, the percentage of inaccuracy of any meter is found to be in excess of five (5%) per cent, registration thereof shall be corrected for a period of time extending back to the time when such inaccuracy began, if such time is ascertainable, and if such time is not ascertainable, then for a period extending back one-half (1/2) of the time elapsed since the date of the last calibration, but in no event further back than a period of six (6) months.

Town may, at its option and its own expense, install and operate a check meter to check each meter installed by Authority, but the measurement for the purpose of this agreement shall be solely by Authority's meters, except in the cases hereinbelow in this Section specifically provided to the contrary. All such check meters shall be of standard make and shall be subject at all reasonable times to inspection and examination by any employee or agent of Authority, but the reading, calibration, and adjustment thereof shall be made only by Town, except during any period when a check meter may be used under specific written consent by Authority for measuring the amount of Wastewater delivered into the System, in which case the reading, calibration, and adjustment thereof shall be made by Authority with like effect as if such check meter or meters had been furnished or installed by Authority.

Section 3.08. UNIT OF MEASUREMENT. Wastewater delivered hereunder shall be measured in gallons, U. S. Standard Liquid Measure.

ARTICLE IV

QUALITY AND TESTING

Section 4.01. GENERAL. Town agrees to limit discharge into Authority's System to wastes defined herein as admissible discharges, and to prohibit entry into the System of any wastes that have the characteristics of prohibitive discharges, also described herein. All testing of the quality of Town's Wastewater shall be conducted at the metering location or locations established as provided for herein.

Section 4.02. ADMISSIBLE DISCHARGES. Wastes discharged into the System shall consist only of Wastewater, Properly Shredded Garbage, and other wastes which the System is capable of handling, so that:

(a) effluent from the System meets the current legal standards of the Texas Water Commission or of any governmental body having legal authority to set standards for such effluents; and

(b) the System is not damaged to the extent to cause unnecessary repairs or replacements resulting in increased Operation and Maintenance Expense.

Section 4.03. PROHIBITIVE DISCHARGES. (a) To enable the highest degree of treatment in the most economical manner possible, and to comply with Federal and State regulations, certain solids, liquids and gases are hereby prohibited from entering Authority's System in excess of standards as set by said Federal and State regulations. The prohibitive discharges listed below shall apply at each of the Town's meter locations and at each of its Points of Entry.

Federal and state regulatory agencies periodically modify standards on prohibitive discharges; therefore, revision to, additions to, or deletions from the items listed in this section will become necessary to comply with these latest standards. It is the intention of this Contract that prohibitive discharge requirements be reviewed periodically by Authority and revised in accordance with the latest standards of any federal or state agency having regulatory powers. Any required revisions shall be made and written notice thereof given to the Town. Town shall be responsible for integrating such changes into the local industrial waste ordinance and notifying all affected users of the change within ninety (90) days following written notice to the Town of such change.

(b) The following information shall govern prohibitive discharges:

(i) Town shall not discharge any of the following into the System at any of the Town's meter locations or at any of its Points of Entry, which discharge originates from Town: storm water, ground water, roof run-off, sub-surface drainage or water originating from down spouts, yard drains, yard fountain and ponds, or lawn sprays. In cases where, and in the opinion of Authority, the character of the Wastewater from any manufacturer or industrial plant, building, or other premises is such that it will damage the System, or cannot be treated satisfactorily in the System, Town shall prevent it from entering the System until the character of same is satisfactory to Authority.

(c) Town shall not discharge any of the following substances, materials, waters, or wastes into the System:

(i) Any liquid having a temperature higher than 150 degrees Fahrenheit (65 degrees Centigrade);

(ii) Any water or wastes which contain wax, grease, oil, plastic or other substance that will solidify, or become discernibly viscous at temperatures between 32 degrees to 150 degrees Fahrenheit;

(iii) Any solids, slurries or viscous substances of such character as to be capable of causing obstruction to the flow in sewers, or other interference with the proper operation of the Wastewater System, such as ashes,

cinders, sand, mud, straw, shavings, metal, glass, rags, feathers, tar, plastics, wood, whole blood, paunch manure, hair and fleshlings, entrails, lime slurry, lime residues, slops, chemical residues, paint residues, or bulk solids;

(iv) Any solids, liquids, or gases which by themselves or by interaction with other substances may cause fire or explosion hazards, or in any other way be injurious to persons, property, or the operators of the Wastewater System;

(v) Any garbage that has not been properly comminuted or shredded;

(vi) Any noxious or malodorous substance, which either singly or by interaction with other substances is capable of causing objectionable odors, or hazard to life, or forms solids that will cause obstructions to flow, or creates any other

condition deleterious to structures or treatment processes, or requires unusual provisions, alteration, or expense to handle such substance;

(vii) Any waters or wastes having a pH lower than 6.0, or higher than 10.0 or having any corrosive property capable of causing damage or hazards to structures, equipment, or personnel of the Wastewater System

(viii) Any wastes or waters containing suspended or dissolved solids of such character and quantity that unusual attention or expense is required to handle such materials in the Wastewater System;

(ix) Any waters or wastes containing a toxic or poisonous substance, such as plating or heat-treating wastes, in sufficient quantity to injure or interfere with any wastewater treatment process, to constitute a hazard to humans or animals, or to create any hazard in the receiving waters of the Wastewater Treatment Plant;

(x) Any wastes or waters exceeding the concentrations listed below:

<u>POLLUTANT</u>	<u>DAILY COMPOSITE</u> <u>(mg/l)</u>	<u>GRAB SAMPLE</u> <u>(mg/l)</u>
Arsenic	0.1	0.2
Barium	2.0	4.0
Boron	-	1.0
Cadmium	0.1	0.25
Chromium (Total)	3.5	7.0
Copper	2.5	5.0
Cyanides	-	1.0
Hydrogen Sulfide	1.0	1.0
Lead	2.0	4.0
Manganese	3.5	7.5
Mercury	0.008	0.008
Nickel	1.5	3.0
Selenium	0.05	0.1
Silver	0.25	0.5
Zinc	2.5	5.0
Total Toxic Organics (TTO)	-	2.0

(d) Town shall not discharge into the System waters or wastes containing:

(i) Free or emulsified oil and grease exceeding, on analysis, an average of 100 mg/l (834 pounds per million gallons) of either, or both, or combinations of free or emulsified oil and grease, if, in the opinion of Authority, it appears probable that such wastes:

1. Can deposit grease or oil in the sewer lines in such manner to clog the sewers;

2. Can overload skimming and grease handling equipment;
3. Are not amenable to bacterial action or other treatment processes then being employed by Authority and will, therefore, pass to the receiving waters without being affected by normal wastewater treatment processes; or,
4. Can have deleterious effect on the treatment process due to excessive quantities.

(ii) Any radioactive wastes greater than the allowable releases as specified by current United States Bureau of Standards handbooks dealing with the handling of and release of radioactivity.

(iii) Cyanides or cyanogen compounds capable of liberating hydrocyanic gas on acidification in excess of 0.2 mg/l by weight (as CN).

(iv) Materials which exert or cause:

1. Unusual concentrations of solids or compounds; as, for example, in total SS of inert nature (such as Fuller's Earth) and/or in total dissolved solids (such as sodium chloride or sodium sulfate);
2. Excessive discoloration;
3. Unusual BOD or immediate oxygen demand.

Section 4.04. TESTING QUALITY. To determine quality of Wastewater, Authority will collect twenty-four (24) hour composite samples of Wastewater at each of the Town's metering locations and at each of its Points of Entry, and cause same to be analyzed in accordance with testing procedures as set forth in the latest edition of Standard Methods of Examination of Water and Wastewater, published by American Public Health Association, Inc. Composite samples will normally be taken once a month, or at more frequent intervals if necessary to determine Wastewater quality. Such Wastewater shall not exceed the limits of concentration specified for Normal Wastewater as follows:

Normal Wastewater Concentration

BOD	250 mg/l
SS	250 mg/l
pH,	not less than 6 nor greater than 10
Hydrogen Sulfide	1.0 mg/l

Should the analysis disclose concentrations higher than those listed, Authority will at once inform Town of such disqualification. It shall be the obligation of Town to require the offending discharger of said highly concentrated materials to undertake remedial measures to bring discharge concentrations within acceptable limits. The Authority will cooperate with Town in reaching a satisfactory solution but will not undertake to specify the measures that will be employed to bring those over-strength discharge concentrations within acceptable

limits. In some cases of over-strength Industrial Waste, the industry discharging the over-strength waste, and Town, may be desirous, and Authority may be agreeable to negotiate terms under which Authority will accept and treat the over-strength wastes, but Authority makes no commitment to perform such service.

Section 4.05. ADMISSION OF DISCHARGES CONTAINING CONCENTRATIONS OF BOD AND/OR SS GREATER THAN THOSE PRESENT IN NORMAL WASTEWATER. If Wastewater at any of the Town's metering locations or at any of its Points of Entry, which discharge originates from Town, contains concentrations of BOD greater than 250 mg/l and/or SS greater than 250 mg/l, approval must be obtained from Authority prior to discharge of the Wastewater into the System. Charges made to Town will include the Basic Charge as outlined in Article V of this Contract, plus a surcharge for excess BOD and/or SS calculated in accordance with the following formula:

$SC = (Q) (8.34) [a (BOD-250) + b (SS-250)]$ where:

SC = surcharge based on excessive concentrations of BOD and/or SS (dollars per month)

Q = flow (million gallons per month)

a = unit cost of treatment, chargeable to BOD (dollars per pound of BOD introduced to System)

b = unit cost of treatment, chargeable to SS (dollars per pound of SS introduced to System).

The value of BOD and/or SS concentrations in this calculation will be the average of values determined by testing procedures as defined in Section 4.04, TESTING QUALITY, except for the following condition: Observation of unusually high values of BOD and/or SS in samples collected at the Wastewater treatment plant or at any of the Town's metering locations or at any of its Points of Entry will prompt an intensive sampling and testing program to determine the Contracting Party responsible for these high values. Once the source of high concentration of BOD and/or SS has been determined, the responsible Contracting Party will be notified and samples will be collected and tested for four (4) continuous days. The average of the BOD and SS values measured during these four (4) days will be considered as representative of the Wastewater being discharged to the System and will serve as the basis of the surcharge during the month of observation. Any surcharge for overstrength Wastewater which Authority has agreed to accept shall not be allocated among Contracting Parties discharging normal Wastewater, but shall be applied only to the Contracting Party discharging such overstrength Wastewater.

At any time that Authority determines that any service hereunder should be suspended because Town's Wastewater does not meet standards herein established or that a surcharge will be applied, Authority shall furnish to Town the data and expert opinion on which such determination was based prior to cessation of service or application of a surcharge.

Section 4.06. REPORTING REQUIREMENTS AND INDUSTRIAL WASTE. (a) Reports. Approximately thirty days after the end of each Authority Fiscal Year the Town shall furnish in writing to the Authority the following information:

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

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

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

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

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

- (1) Name and address of applicant;
- (2) Type of industry;
- (3) Quantity of plant waste;
- (4) Typical analysis of the waste;
- (5) Type of pre-treatment proposed.

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

(c) Ordinances. The Town agrees that it has enacted or will enact ordinances as necessary to include the following provisions:

(1) For each existing and future SIU, the Town shall require said user to complete and submit a permit application containing that information specified in the sample application form

which is attached hereto as Exhibit 1 immediately following this Article IV. The Authority shall be provided a copy of the permit application within thirty days after receipt by the Town. The Authority shall provide comments on said application within thirty days of receipt and return comments to the Town. Failure to comment shall be construed as concurrence by the Authority.

After approval of the Permit Application by both the Town and the Authority, the Town shall, with mutual approval by the Town and the Authority, issue a permit to discharge similar in content and form as the permit shown on the form which is attached hereto as Exhibit 2 immediately following Exhibit 1 at the end of this Article IV. Said permit to discharge shall be required of all SIUs before said user will be allowed to discharge industrial wastes into the sewage system. A copy of the permit to discharge shall be forwarded to the Authority.

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

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

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

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

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

(7) The Town shall require industrial monitoring and reporting.

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

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

(i) sampling and testing to determine compliance

(ii) disconnection/reconnection of service resulting from noncompliance

(iii) abnormal strength wastes

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

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

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

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

- (i) discharge to sewerage system resulting in violation of POTW's discharge permit conditions
- (ii) hazard to health or life of POTW personnel or users of receiving waters
- (iii) violation of any applicable ordinance or regulation
- (iv) false information transmitted to approving authority through Permit Application, monitoring reports, etc.

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

ARTICLE V

Section 5.01. FINANCING. Authority has heretofore issued the Outstanding Bonds and will pay for the cost of construction of the improvements specified and to be specified in the Engineering Report, 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.

Section 5.02. ANNUAL REQUIREMENT. It is acknowledged and agreed that payments to be made under this Contract and similar contracts with other Contracting Parties and Additional Contracting Parties will be the only source available to 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 Town 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 become due, less interest to be paid out of Bond proceeds as permitted by any 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 any 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 any Bond Resolution and/or any resolution authorizing the Bonds or Outstanding Bonds.

Section 5.03. PAYMENTS BY TOWN. (a) It is estimated that the Town will first discharge Wastewater into the Wastewater Tunnel and thus into the System in October, 1993. For services to be rendered to Town by Authority hereunder, Town 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 Town's Annual Payment:

For each Fiscal Year the Town's proportionate share of the Annual Requirement shall be a percentage obtained by dividing Town'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 Town's Annual Payment for such Fiscal Year.

Town's Annual Payment shall be made to Authority in equal monthly installments for each Fiscal Year commencing with the month during which the Town first discharges Wastewater into the Wastewater Tunnel and thus into the System (the Service Date). No payments are required to be paid by the Town to the Authority under this Contract prior to the Service Date. 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 Town. At the close of each Fiscal Year, Authority shall redetermine Town's percentage by dividing Town's actual metered contributing flow to the System by the total actual metered contributing flow to the System by all Contracting Parties. Town's Adjusted Annual Payment shall be calculated by multiplying Town'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 Town's account with Authority and shall be credited or debited to Town'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, Town'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) Town's proportionate share of the Annual Requirement shall be a percentage, redetermined by dividing Town'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) Authority shall redetermine the Annual Requirement, taking into consideration any costs incurred on account of the Additional Contracting Party or Parties;

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

(c) Town's Annual Payment shall also 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 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) Town'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 Authority, to the extent that such difference in flow will substantially affect Town's Budget, and consequently Town's Annual Payment to Authority.

(d) The Annual Payment set forth in this section shall be considered the Basic Charge for service hereunder, and Town shall pay surcharge for excess BOD and/or SS determined in the manner set forth in Section 4.05.

(e) (1) The amount of the Annual Requirement for each such Fiscal Year shall be calculated by the Authority, in accordance with Section 5.02 hereof, prior to the beginning of each such Fiscal Year, which Annual Requirement shall include, in addition to Bond servicing requirements, the Operation and Maintenance Expenses for each Fiscal Year as estimated and set forth in the Annual Budget adopted by the Board of Directors of the Authority in accordance with Section 7.01 hereof prior to the commencement of each such Fiscal Year. Then the amount of the Annual Requirement as so calculated shall be divided by the number of 1,000 gallons of total estimated contributing flow of Wastewater to the System by all Contracting Parties, calculated and estimated by the Authority, in accordance with Section 5.03(a) hereof, prior to the commencement of each such Fiscal Year, and thereby obtaining an estimated cost per 1,000 gallons of Wastewater for the services of the System to all Contracting Parties for each such Fiscal Year.

(2) In addition to all other payments required to be made by the Town under this Contract, the Town agrees and shall be unconditionally obligated to pay to the Authority during each month for 120 months commencing with the first complete month following the Service Date, but not thereafter, a surcharge for the Wastewater services received by the Town under this Contract, calculated as hereinafter provided. For the purpose of calculating such surcharge, the following terms, as used herein, shall have the following meanings, respectively:

"Base Quantity" means the average monthly metered number of gallons of Wastewater discharged by the Town through meters at its city limits, for transportation (through facilities of the Cities of Farmers Branch and Carrollton, Texas) to be received and treated in the Authority's System, during the 12 complete calendar months prior to the Authority's receipt of the written notice and assurance with respect to the Service Date and completion of the Wastewater Tunnel, as required under the definition of the term "Service Date" in Section 1.01 hereof. The Town shall, at least 15 days prior to the Service Date, give written notice to the Authority of such average monthly metered number of gallons of Wastewater, together with the pertinent records and meter readings, satisfactory to the Authority, verifying such metered number.

"Surcharge Quantity" means all Wastewater discharged by the Town into the Wastewater Tunnel during any month in excess of the Base Quantity.

The Town shall pay a surcharge equal to 20% of the cost per 1,000 gallons calculated as provided in (1), above, for each 1,000 gallons of Wastewater actually discharged by the Town during each month into the Wastewater Tunnel in excess of the Base Quantity. The aggregate number of 1,000 gallons of such Surcharge Quantity, if any, for each Fiscal Year shall be estimated at the time the estimates are made in accordance with Section 5.03(a), and shall be multiplied by such surcharge, and the result divided by 12, and the amount obtained thereby shall be added to and be paid along with each monthly installment of the Town's Annual Payment, and shall be added to and included in the Schedule of Payments for each such Fiscal Year furnished to the Town pursuant to Article V hereof. At the close of each such Fiscal Year the Authority shall redetermine the total amount actually payable by the Town due to such surcharge by multiplying such surcharge times the actual aggregate number of 1,000 gallons of Surcharge Quantity, if any, during such Fiscal Year. The difference, if any, between the amount so paid and the amount actually due based on actual Surcharge Quantity shall be applied as a credit or a debit to Town's account with the Authority and shall be credited or debited to Town's next subsequent monthly payment or payments.

(3) It is understood and agreed that the total amount due to the Authority from the above surcharge paid by the Town during each of the aforesaid 120 months shall be applied by the Authority at the end of each Fiscal Year solely as a credit to the amounts of the Annual Requirement which otherwise would be payable during the ensuing Fiscal Year by the following Contracting Parties: the Cities of Arlington, Bedford, Carrollton, Colleyville, Coppell, Dallas, Euless, Farmers Branch, Fort Worth, Grand Prairie, Grapevine, Hurst, Irving, Mansfield, and North Richland Hills, Texas, and the Dallas/Fort Worth Airport Board. It is acknowledged that such surcharge will be paid by the Town towards offsetting previous capital costs in effect paid by said earlier Contracting Parties in connection with the existing System.

(f) Recognizing that the Authority will use payments received from Town to pay, secure, and finance the issuance of Bonds and to pay the Outstanding Bonds, it is hereby agreed that upon the effective date hereof, Town shall be unconditionally obligated to pay its proportionate share of the Annual Requirements and to pay the surcharge described in (d) and (e), above.

(g) On or before August 1 of each year, commencing with 1993, Authority will furnish Town with an estimated schedule of monthly payments to be made by Town for the ensuing Fiscal Year, and any payments estimated to be required from the Town for part of the then current Fiscal Year. On or before November 1 of each year, Authority shall furnish Town with a finalized schedule of the monthly payments to be made by such Town to the Authority for the ensuing Fiscal Year, and for any part of the then current Fiscal Year. Town 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 Town at any time disputes the amount to be paid by it to Authority, Town shall nevertheless promptly make the payment or payments determined by Authority, and, if it is subsequently determined by agreement, arbitration or court decision that such disputed payments made by Town should have been less, Authority shall promptly revise and reallocate the charges among all parties then being served by Authority in such manner that Town will recover its overpayment. In the event Town is assessed a surcharge for excess BOD and/or SS, Authority will bill Town for such surcharge on or before the fifth (5th) day of the month following the determination of the surcharge and Town shall pay such surcharge on or before the tenth (10th) day of the month following the month of receipt of any such bill. Any such surcharge collected by Authority shall be applied by Authority against the total cost of Operation and Maintenance Expense of the System.

(h) If Town's Annual Payment is redetermined as is herein provided, Authority will promptly furnish Town with an updated schedule of monthly payments reflecting such redetermination.

ARTICLE VI

Section 6.01. CONSTRUCTION. Authority agrees to operate and maintain the existing facilities of the System and also all additional or replacement facilities which are required and completed in accordance with the Engineering Report.

Section 6.02. CONDITIONS PRECEDENT. It is expressly understood and agreed that any obligation on the part of the Authority to complete and operate the said facilities shall be conditioned upon the following:

(a) Sale of Bonds in an amount which, together with other available funds, will be sufficient to assure the construction of the System;

(b) The Authority's ability, or the ability of the Authority's contractors, to obtain all material, labor, and equipment necessary for completion of the System.

Section 6.03. OBLIGATIONS OF TOWN. Authority shall never have the right to demand payment by Town of any obligation assumed or imposed on it under and by virtue of this Contract from funds raised or to be raised by taxation, it being expressly understood by the parties hereto that all payments due by Town hereunder are to be made from the revenues and income received by Town from its combined waterworks and sanitary sewer system, as authorized by law, and the Town hereby pledges such revenues and income to making such payments.

Section 6.04. PAYMENTS TO CONSTITUTE OPERATING EXPENSES BY TOWN. Town represents and covenants that the services to be obtained pursuant to this Contract are essential and necessary to the operation of Town, its combined waterworks and sanitary sewer system, and its Local Wastewater Facilities, and that all payments to be made hereunder by it will constitute reasonable and necessary "operating expenses" of Town's combined waterworks and sanitary sewer system, within the meaning of Article 1113, Vernon's Annotated Texas Civil Statutes, and the provisions of all Ordinances authorizing the issuance of all revenue bond issues of Town which are payable from revenues of the Town's combined waterworks and sanitary sewer system

Section 6.05. TOWN TO ESTABLISH ADEQUATE RATES. Town agrees to establish and collect such rates and charges for services to be supplied by its combined waterworks and sanitary sewer system as will make possible the prompt payment of all expenses of operating and maintaining such combined 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 combined waterworks and sanitary sewer system.

Section 6.06. 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 Regional 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.

Section 6.07. FORCE MAJEURE. In case by reason of "Force Majeure" either party hereto shall be rendered unable wholly or in part to carry out its obligations under this agreement, then if such party shall give notice and full particulars of such "Force Majeure" in writing to the other party within a reasonable time after occurrence of the event or cause relied on, the obligation of the party giving such notice, so far as it is affected by such Force Majeure, with the exception of the obligation of Town to make the payments required in Section 5.03(f) hereof, shall be suspended during the continuance of the inability then claimed, but for no longer periods, and any such party shall endeavor to remove or overcome such inability with all reasonable dispatch. The term "Force Majeure" as employed herein, shall mean acts of God, strikes, lockouts, or other industrial disturbances, acts of public enemy, orders of any kind of the Government of the United States or the State of Texas or any civil or military authority, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, hurricanes, storms, floods, washouts, droughts, arrests, restraint of government and people, civil disturbances, explosions, breakage or accidents to machinery, pipe lines or canals, partial or entire failure of water supply, and inability on the part of Town to provide water necessary for operation of its combined water and sanitary sewer system hereunder, or of Authority to receive Wastewater on account of any other causes not reasonably within the control of the party claiming such inability. It is understood and agreed that the settlement of strikes and lockouts shall be entirely within the discretion of the party having the difficulty, and that the above requirement that any Force Majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes and lockouts by acceding to the demands of the opposing party or parties when such settlement is unfavorable to it in the judgment of the party having the difficulty.

Section 6.08. INSURANCE. Authority will carry insurance for purposes and in amounts which would ordinarily be carried by a privately owned utility company under contract to perform services similar to those undertaken by Authority in this Contract.

Section 6.09. REGULATORY BODIES. This Contract shall be subject to all valid rules, regulations, and laws applicable hereto passed or promulgated by the United States of America, the State of Texas, or any governmental body or agency having lawful jurisdiction or any authorized representative or agency of any of them.

Section 6.10. ADVISORY COMMITTEE. Commencing with the Service Date, the Town's governing body shall annually appoint one of the members of its governing body or one of its officers as a voting member of the Advisory Committee for the Authority's Central Wastewater Treatment System. Said Committee shall be comprised of one voting representative of each Contracting Party and Additional Contracting Party. Additionally, the Board of Directors of the Authority shall annually appoint to serve as non-voting members of the Advisory Committee one of its Dallas County Directors and one of its Tarrant County Directors. The Advisory Committee, at its first called meeting, shall elect a Chairman, a Vice Chairman and a Secretary. The Advisory Committee shall establish bylaws governing the election of officers, meeting dates and other matters pertinent to the functioning of the Advisory Committee. The Advisory Committee shall consult with and advise the Authority, through its General Manager, with regard to the following matters pertaining to the System:

- (i) Future plans for expansion;
- (ii) Methods for improved service;
- (iii) The inclusion of Additional Contracting Parties;

- (iv) The proposed Annual Budget, prior to its submission by the Authority's General Manager to the Authority's Board;
- (v) Review of the Annual Report and Annual Audit; and
- (vi) All such matters as relate to its management, operation, and maintenance.

Said Committee shall inspect, no less than annually, all physical elements of the System. A copy of the minutes of the meetings of the Advisory Committee and all other pertinent data, shall be provided to the Authority's President.

The term of membership on the Advisory Committee shall be for twelve (12) months, beginning on December 1st of each year and ending on November 30th of the succeeding year. A member may serve more than one (1) term if so appointed by the governing body represented. The Authority's General Manager, or his designated representative, shall serve ex officio as a member of the Advisory Committee without voting rights. All expenses of the Advisory Committee shall be considered as an operating expense of the System.

Section 6.11. **AUTHORITY CONTRACTS WITH OTHERS.** The Authority reserves the right to contract with other persons, natural or corporate, private or public, to perform services similar to those to be performed under this Contract or other services; provided, however, that no contract will be made for service within Town's Town limits or within the extraterritorial jurisdiction of any Town, as defined by law, on the date of such contract, without such Town's written consent.

Section 6.12. **ADDITIONAL CAPACITY AND FACILITIES.** As the responsible agency for the establishment, administration, operation, and maintenance of the System, the Authority will, from time to time, determine when it is necessary to provide additional facilities to receive, transport, treat, and dispose of additional Wastewater of the Contracting Parties and any Additional Contracting Parties. In making the determinations called for herein, Authority covenants that such determinations will be made only after detailed studies of statistical data available as to the need and feasibility have been made and after consulting with the Advisory Committee, consulting engineers, and financial advisors. Town will be kept advised at all times of planning and proposed development of the System.

Section 6.13. **ANNUAL REPORT AND AUDIT OF SYSTEM.** The Authority shall, at the close of each Fiscal Year, cause to be prepared an Annual Report and Audit of the System. Such report shall contain such matters and information as may be considered necessary and useful by Authority and the Advisory Committee.

Section 6.14. **PUBLICATIONS, REFERENCE WORKS, GOVERNMENTAL REGULATIONS.** In each instance herein where reference is made to a publication, reference work or Federal or State regulation, it is the intention of the parties that at any given time the then current edition of any such publication of reference work or Federal or State regulation shall apply. If a publication or reference work is discontinued or ceases to be the generally accepted work in its field or if conditions change or new methods or processes are implemented by the Authority, new standards shall be adopted which are in compliance with State and Federal laws and any valid rules and regulations issued pursuant thereto.

Section 6.15. OPERATION OF THE SYSTEM. Authority covenants that it will operate the System in accordance with accepted good business and engineering practices and in accordance with requirements of the Federal Water Pollution Control Act, as amended, and as said Act may be amended in the future, and any rules and regulations issued and to be issued by appropriate agencies in the administration of said Act. Town and Authority agree that their obligations hereunder shall include compliance with the requirements made under said Act, and any rules and regulations issued pursuant thereto.

ARTICLE VII

AUTHORITY ANNUAL BUDGET

Section 7.01. FILING WITH TOWN. It is understood that the Annual Budget for the System for the current Fiscal Year has been prepared and is and will be effective for all purposes of this Contract. Not less than forty (40) days before the commencement of each Fiscal Year hereafter while this Contract is in effect, Authority shall cause to be prepared as herein provided its tentative budget for the operation of the System only for the next ensuing Fiscal Year. A copy of such tentative budget shall be filed with each Contracting Party and Additional Contracting Party. If no protest or request for a hearing on such tentative budget is presented to Authority within ten (10) days after such filing of the tentative budget by one or more Contracting Parties or Additional Contracting Parties, the tentative budget for the System, when adopted by Authority's Board of Directors, shall be considered for all purposes as the "Annual Budget" for the next ensuing Fiscal Year. But if protest or request for a hearing is duly filed, it shall be the duty of the Authority to fix the date and time for a hearing on the tentative budget before the Advisory Committee as constituted in Section 6.11 hereof and shall so advise all Contracting Parties and Additional Contracting Parties in writing. The Advisory Committee shall consider the testimony and showings made in such hearing and shall report its findings to the Board of Directors of Authority. The Board of Directors of Authority may adopt the budget or make such amendments thereof as to it may seem proper. The budget thus approved by the Board of Directors of the Authority shall be the Annual Budget for the next ensuing Fiscal Year.

The Annual Budget may be amended to provide for transfers of budgeted funds between expenditure accounts, provided however that said transfers do not result in an overall increase in budgeted funds as approved in the Annual Budget. The Annual Budget may be increased through formal action by the Board of Directors of Authority. Certified copies of the amended Annual Budget and resolution shall be filed immediately by the Authority with each Contracting Party and Additional Contracting Party.

ARTICLE VIII

EFFECTIVE DATE AND TERM OF CONTRACT

Section 8.01. EFFECTIVE DATE. This Contract shall become effective as of the date of execution hereof. As of the Service Date this Contract shall constitute the only contract between Town and Authority regarding Wastewater disposal services of the System.

Section 8.02. TERM OF CONTRACT. This Contract shall continue in force and effect from the effective date hereof until November 29, 2023, and thereafter shall continue in effect until any Outstanding Bonds, Bonds, or any Bonds issued to refund same, if any, have

been paid in full. Town shall have the right to the continued performance of services provided hereunder for the useful life of the System after amortization of Authority's investment in the System, upon payment of charges by Town, reduced to take into consideration such amortization.

IN WITNESS WHEREOF, the parties hereto acting under authority of their respective governing bodies have caused this Contract to be duly executed in several counterparts, each of which shall constitute an original, all as of the 24th day of October, 1990, which is the date of this Contract.

TRINITY RIVER AUTHORITY OF TEXAS

By _____
General Manager

ATTEST:

Secretary

(SEAL)

TOWN OF ADDISON, TEXAS

By _____
Mayor

ATTEST:

City Secretary

(SEAL)

I

Trinity River Authority of Texas



Northern Region Office

DATE: January 31, 2008

FILE: 3110.701/3210.701/3828.701/3826.701/3510.701

TO: BOARD OF DIRECTORS

VIA: (3) RESOURCES DEVELOPMENT COMMITTEE

(2) DANNY F. VANCE, General Manager

(1) WARREN N. BREWER, Regional Manager, Northern Region

A handwritten signature in black ink, appearing to be 'DFV', written over the name Danny F. Vance.

A handwritten signature in black ink, appearing to be 'WNB', written over the name Warren N. Brewer.

RE: Northern Region Projects
Contract Revenue Bonds
Texas Water Development Board
State Revolving Fund Loan Applications

BACKGROUND: Over the course of the past few years, the Authority has actively pursued Master Planning efforts for each of its regional wastewater systems. The Systems that have been involved include: Central Regional Wastewater System (CRWS), Ten Mile Creek Regional Wastewater System (TMCRRWS), Denton Creek Regional Wastewater System (DCRWS), Red Oak Regional Wastewater System (ROCRWS), and Mountain Creek Regional Wastewater System (MCRWS). The reasons for these concerted efforts have been driven mainly by a combination of increasing wastewater flow due to population growth, and to address aging infrastructure that requires major rehabilitation or total replacement. Furthermore, these planning activities have resulted in a number of associated engineering Capital Improvement Plans (CIPs) that describe priority improvement projects and their costs as part of the process of issuing new revenue bonds to pay for the improvements.

To acquire the funding for improvements and to issue bonds, the Authority has primarily utilized one or both of the following financing mechanisms: Texas Water Development Board (TWDB) State Revolving Fund (SRF) loans and competitively bid open market bonds. In most recent times, open market bonds have been used mainly whenever there has been strict scheduling factors or whenever there is item funding eligibility issue, such as in the case of funding easement and acquisition costs. Land rights costs are not eligible for funding by TWDB SRF funds.

In order for a potential loan applicant to become eligible for a TWDB SRF loan, entities such as the Authority are required to submit an initial informational form to be considered for placement on the TWDB SRF Intended Use Plan (IUP) for the State's upcoming fiscal year. The information includes an estimate of the amount of funding the entity anticipates it will need, if later invited to submit a formal loan application. After evaluation, TWDB administrators provide notice that the applicant has fulfilled SRF pre-loan requirements, and the entity will be listed in the IUP. Furthermore, once listed on the IUP, the entity must wait to be invited to submit a



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BOARD OF DIRECTORS

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loan application. Following an invitation, a loan application may be submitted, and if approved, the applicant has up to 2 years to close on the SRF loan. In order to preserve its financial options for the SRF 2009 IUP period, the Authority has initiated the pre-loan process by submitting FY 2009 IUP information to the TWDB for CRWS, TMCRWS, DCRWS, ROCRWS, and MCRWS.

STAFF ANALYSIS: Based upon various engineering report recommendations and support of its financial advisor, First Southwest Company (FSC), the Authority has determined that it is prudent to preserve the funding options for TWDB SRF loans that normally have a 95 basis point lower interest rate than would be obtained with an open market bond issue. To continue to preserve the SRF funding option, Authority management is seeking the approval of five respective resolutions that authorize the General Manager to submit applications to the TWDB. These resolutions have been prepared by the Authority's Bond Counsel, McCall, Parkhurst & Horton, L.L.P., for each of the System's for amounts not to exceed the following:

CRWS	\$465,000,000
TMCRWS	\$ 64,000,000
DCRWS	\$ 30,000,000
ROCRWS	\$ 25,000,000
MCRWS	\$ 10,000,000

Prior to issuing new revenue bonds, the Authority will perform additional financial evaluations of all of various funding scenarios and will more closely analyze them prior to making final funding recommendations to the Board of Directors. If it is determined that SRF loans are cost effective, the Authority will then proceed to complete and submit the SRF loan applications. Resolution No. R-1234 (Exhibit A), Resolution No. R-1235 (Exhibit B), Resolution No. R-1236 (Exhibit C), Resolution No. R-1237 (Exhibit D), and Resolution No. R-1238 (Exhibit E) authorize the General Manager to submit applications for financial assistance to the TWDB for CRWS, TMCRWS, DCRWS, ROCRWS, and MCRWS, respectively.

RECOMMENDATION: Management recommends that the Resources Development Committee approve the following motion for submittal to the Board of Directors:

Motion that the Board of Directors:

- (a) Adopt Resolution No. R-1234 authorizing the General Manager to file an application for financial assistance from the Texas Water Development Board for capital improvements for the Central Regional Wastewater System;
- (b) Adopt Resolution No. R-1235 authorizing the General Manager to file an application for financial assistance from the Texas Water Development Board for capital improvements for the Ten Mile Creek Regional Wastewater System;

BOARD OF DIRECTORS

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- (c) Adopt Resolution No. R-1236 authorizing the General Manager to file an application for financial assistance from the Texas Water Development Board for capital improvements for the Denton Creek Regional Wastewater System;
- (d) Adopt Resolution No. R-1237 authorizing the General Manager to file an application for financial assistance from the Texas Water Development Board for capital improvements for the Red Oak Creek Regional Wastewater System; and
- (e) Adopt Resolution No. R-1238 authorizing the General Manager to file an application for financial assistance from the Texas Water Development Board for capital improvements for the Mountain Creek Regional Wastewater System.

Respectfully submitted,



B. RANDY BROOKS, P.E.
Manager of Engineering Services
Northern Region

BRB/vaw

Exhibit A - Resolution No. R-1234

Exhibit B - Resolution No. R-1235

Exhibit C - Resolution No. R-1236

Exhibit D - Resolution No. R-1237

Exhibit E - Resolution No. R-1238

MINUTES
OF THE
TRINITY RIVER AUTHORITY OF TEXAS
REGULAR MEETING OF THE BOARD OF DIRECTORS

Trinity River Authority of Texas
Board Room
5300 South Collins Street
Arlington, Tarrant County, Texas
February 27, 2008
10:30 a.m.

Pursuant to Article III, Section 2 of the Revised Bylaws of the Trinity River Authority of Texas, and as directed by the General Manager pursuant to instruction from the President, the Regular Meeting of the Board of Directors of the Trinity River Authority of Texas was called to order at 10:30 a.m. on Wednesday, February 27, 2008, at the Trinity River Authority of Texas' General Office, Board Room, 5300 South Collins Street, Arlington, Tarrant County, Texas, by the President, Michael Cronin.

The invocation was given by Director Jerry F. House.

Director Harold L. Barnard led the meeting in the Pledges of Allegiance.

The Assistant Secretary, Sam Scott, then called roll. In calling roll, the Assistant Secretary announced that when the Directors acknowledged their presence, they would be considered to be in compliance with V.T.C.A., Water Code § 49.060 (Vernon 2007). The following members of the Board of Directors were present:

Director Connie H. Arnold
Director Harold L. Barnard
Director Herschel S. Brannen III
Director Leslie C. Browne
Director Karl R. Butler
Director Patricia Carlson
Director Patricia T. Clapp
Director Michael Cronin
Director Hector Escamilla, Jr.
Director Jerry F. House, D.Min.
Director John W. Jenkins
Director Nancy E. Lavinski
Director Andrew Martinez
Director Kevin Maxwell
Director Lynn H. Neely
Director Manny Rachal
Director AnaLaura Saucedo
Director Shirley K. Seale
Director Linda D. Timmerman, Ed.D.
Director Kim C. Wyatt

The following members of the Board of Directors were absent:

Director Steve Cronin
Director Katrina M. Keyes

Members of the Staff present were:

Danny F. Vance, General Manager
Warren N. Brewer, Regional Manager, Northern Region
Jim R. Sims, Regional Manager, Southern Region
Sam Scott, Manager, Executive Services, and Assistant Secretary
Thomas D. Sanders, Construction Services Manager
Don A. Tucker, Manager, General Services
Robert E. Moore, Manager, Financial Services
Glenn C. Clingenpeel, Executive Assistant to the General Manager
Alison A. Mackey, Executive Assistant to the General Manager
Ann S. Carver, Internal Auditor
John F. Jadrosich, Public Information Officer
Carol Claybrook, Administrative Secretary to the General Manager

Consultants present were:

Michael J. Booth, General Counsel
Mark Malveaux, McCall, Parkhurst & Horton
Mary Williams, First Southwest Company
Julia Petty, Deloitte & Touche
Betty Jordan, Alan Plummer Associates, Inc.
Mark Perkins, Perkins Engineering Consultants, Inc.
Layne Parsons, Black & Veatch Corporation
Bob Pence, Freese and Nichols, Inc.
David Jackson, Freese and Nichols, Inc.
Dawn Anderson, Chiang, Patel & Yerby, Inc.
Bob Terrell, CH2M Hill, Inc.
Joe King, TCB Inc.
Jeff Ground, Lockwood, Andrews & Newnam, Inc.
James Glegg, Westin Engineering, Inc.
Ron Dye, Westin Engineering, Inc.
Mike Tidwell, Mike Tidwell & Associates
Kathy Berek, Kellogg, Brown & Root Services, Inc.

Technical Assistants present were:

Wayne Chen, D/FW Technology, Inc.
Chris Tutor, D/FW Technology, Inc.
Ted Turner, D/FW Technology, Inc.

CERTIFICATION BY THE SECRETARY OF COMPLIANCE WITH THE OPEN MEETINGS REQUIREMENT.

The Secretary certified that the Authority was in compliance with the open meeting requirements contained in the Government Code. TEX. GOVT CODE ANN. § 551.001 et seq. (Vernon 2007). The "Open Meeting Submission" for the Board of Directors of the Trinity River Authority of Texas with notation of confirmation of receipt by the Secretary of State's office, and a copy of the "Notice of Open Meeting" with the County Clerk's notation of receipt are attached to the original Minutes.

APPROVAL OF THE MINUTES OF THE LAST BOARD MEETING.

Upon the motion of Director Browne, seconded by Director Clapp, the Board of Directors unanimously approved the Minutes of the last meeting of the Board of Directors of the Trinity River Authority of Texas held December 5, 2007.

APPROVAL OF THE ACTION OF THE EXECUTIVE COMMITTEE.

Upon the motion of Director Jenkins, seconded by Director Timmerman, the Board of Directors unanimously approved and ratified the Report of Action of the Executive Committee subsequent to the December 5, 2007 Board of Directors meeting.

New Business:

A. DENTON CREEK REGIONAL WASTEWATER SYSTEM — EXPANSION TO 11.5 MILLION GALLONS PER DAY AND OTHER CAPITAL IMPROVEMENTS — ISSUANCE OF SERIES 2008 REVENUE BONDS.

Upon the motion of Director Barnard, seconded by Director Lavinski, the Board of Directors unanimously:

- (a) Adopted Resolution No. R-1233 authorizing the issuance, sale, and delivery of Trinity River Authority of Texas - Denton Creek Regional Wastewater System Series 2008 Revenue Bonds; and
- (b) Approved the Construction Budget governing and controlling the expenditures of bond proceeds from the Denton Creek Regional Wastewater System Series 2008 Revenue Bond issue.

B. CENTRAL REGIONAL WASTEWATER SYSTEM — APPROVAL OF 2008 CONSTRUCTION BUDGET.

Upon the motion of Director Barnard, seconded by Director Clapp, the Board of Directors unanimously approved the Construction Budget for the Central Regional Wastewater System Series 2008 Revenue Bonds for the second drawdown of \$90 million.

C. CENTRAL REGIONAL WASTEWATER SYSTEM — ELM FORK RELIEF INTERCEPTOR, SEGMENT EF-1 — INTERLOCAL AGREEMENT.

Upon the motion of Director Barnard, seconded by Director Timmerman, the Board of Directors unanimously authorized the General Manager to execute the Interlocal Agreement between the Trinity River Authority of Texas and the City of Irving for mitigation maintenance services related to Segment EF-1 of the Central Regional Wastewater System's Elm Fork Interceptor Subsystem.

D. NORTHERN REGION OPERATING PROJECTS — INVENTORY MANAGEMENT SYSTEMS — PROCESS DATA COLLECTION AND REPORTING SYSTEMS — PROFESSIONAL SERVICES AGREEMENT.

Upon the motion of Director Barnard, seconded by Director Neely, the Board of Directors unanimously authorized the General Manager to execute the Professional Services Agreement between Trinity River Authority of Texas and Mike Tidwell & Associates for enhancements of the inventory management system, process data collection and reporting systems for all of the Northern Region operating projects.

E. CENTRAL REGIONAL WASTEWATER SYSTEM — TEN MILE CREEK REGIONAL WASTEWATER SYSTEM — CRWS INTERCEPTOR INFILTRATION AND INFLOW PRORATION FOR FY 2008 UPDATE — TMCRRS INVENTORY/POE FY 2008 UPDATE — SSO CORRECTIVE ACTION PLANS PROGRESS REPORTS FOR FY 2008 UPDATE — ENGINEERING SERVICES AGREEMENT.

Upon the motion of Director Barnard, seconded by Director House, the Board of Directors unanimously authorized the General Manager to execute the Engineering Services Agreement between the Trinity River Authority of Texas and Black & Veatch Corporation for the FY 2008 Annual Updating and SSO Corrective Action Plans Annual Progress Reports for the Central Regional Wastewater System and Ten Mile Creek Regional Wastewater System.

F. CENTRAL REGIONAL WASTEWATER SYSTEM — ON-SITE STORAGE SYSTEM — ENGINEERING SERVICES AGREEMENT.

Upon the motion of Director Barnard, seconded by Director Wyatt, the Board of Directors unanimously authorized the General Manager to execute the Engineering Services Agreement between the Trinity River Authority of Texas and Freese & Nichols, Inc., for engineering services related to the On-Site Storage System for the Central Regional Wastewater System.

G. TEN MILE CREEK REGIONAL WASTEWATER SYSTEM — PROCESS CONTROL SYSTEM — HUMAN MACHINE INTERFACE PROGRAMMING, PHASE I AND PHASE IA — ENGINEERING SERVICES AGREEMENT.

Upon the motion of Director Barnard, seconded by Director Timmerman, the Board of Directors unanimously authorized the General Manager to execute the Engineering Services Agreement between the Trinity River Authority of Texas and Alan Plummer Associates, Inc., for the Process Control System, Human Machine Interface Programming, Phase I and Phase IA for the Ten Mile Creek Regional Wastewater System.

H. RED OAK CREEK REGIONAL WASTEWATER SYSTEM — BEAR CREEK LIFT STATION REHABILITATION PROJECT — ENGINEERING SERVICES AGREEMENT.

Upon the motion of Director Barnard, seconded by Director Wyatt, the Board of Directors unanimously authorized the General Manager to execute the Engineering Services Agreement between the Trinity River Authority of Texas and Chiang, Patel & Yerby, Inc., for engineering services related to the Bear Creek Lift Station Rehabilitation Project for the Red Oak Creek Regional Wastewater System.

I. CENTRAL REGIONAL WASTEWATER SYSTEM — ELM FORK RELIEF INTERCEPTOR, SEGMENT EF-7 — ENGINEERING SERVICES AGREEMENT — FIRST AMENDMENT.

Upon the motion of Director Barnard, seconded by Director Clapp, the Board of Directors unanimously authorized the General Manager to execute the Engineering Services Agreement – First Amendment between the Trinity River Authority of Texas and Kellogg Brown & Root Services, Inc., for engineering services related to the Elm Fork Relief Interceptor, Segment EF-7 Project for the Central Regional Wastewater System.

J. CENTRAL REGIONAL WASTEWATER SYSTEM — MOUNTAIN CREEK INTERCEPTOR SUBSYSTEM - MC-7 AND MC-8 RELIEF INTERCEPTOR — ENGINEERING SERVICES AGREEMENT — FIRST AMENDMENT.

Upon the motion of Director Barnard, seconded by Director Arnold, the Board of Directors unanimously authorized the General Manager to execute the Engineering Services Agreement – First Amendment between the Trinity River Authority of Texas and Lockwood, Andrews & Newnam, Inc., for engineering services related to the Mountain Creek Interceptor Subsystem, MC-7 and MC-8 Relief Interceptor.

K. CENTRAL REGIONAL WASTEWATER SYSTEM — PROCESS CONTROL SYSTEM DESIGN AND PROGRAMMING — ENGINEERING SERVICES AGREEMENT — FIRST AMENDMENT.

Upon the motion of Director Barnard, seconded by Director Clapp, the Board of Directors unanimously authorized the General Manager to execute the Engineering Services Agreement – First Amendment between the Trinity River Authority of Texas and Westin Engineering, Inc., for engineering services related to the Human Machine Interface (HMI) Software modification and additions to the CRWS Process Control System.

L. CENTRAL REGIONAL WASTEWATER SYSTEM — PROCESS CONTROL SYSTEM PHASE I UPGRADE — ENGINEERING SERVICES AGREEMENT — SECOND AMENDMENT.

Upon the motion of Director Barnard, seconded by Director Arnold, the Board of Directors unanimously authorized the General Manager to execute the Engineering Services Agreement – Second Amendment between the Trinity River Authority of Texas and Westin Engineering, Inc., for engineering services related to the Process Control System Phase I Upgrade for the Central Regional Wastewater System.

M. SUMMARY REPORT OF CHANGE ORDERS.

This item was presented as a status report only; no action was necessary.

N. LAWSON SOFTWARE UPGRADE.

Upon the motion of Director Jenkins, seconded by Director Arnold, the Board of Directors unanimously authorized the General Manager to execute the Agreement for Services between the Trinity River Authority of Texas and Paradigm Business Solutions, Inc., to upgrade the Authority's Lawson software from version 8.03 to version 9.0 for a total cost not to exceed \$184,725.00.

O. INVESTMENT OFFICERS' REPORT.

Upon the motion of Director Jenkins, seconded by Director Rachal, the Board of Directors unanimously approved the Investment Officers' Report of the Trinity River Authority of Texas for the Fourth Quarter of Fiscal Year 2007.

P. SUMMARY REPORT OF BUDGET AMENDMENTS.

This item was presented as a status report only; no action was necessary.

Q. NORTHERN REGION PROJECTS — CONTRACT REVENUE BONDS — TEXAS WATER DEVELOPMENT BOARD — STATE REVOLVING FUND LOAN APPLICATIONS.

Upon the motion of Director Butler, seconded by Director Neely, the Board of Directors unanimously:

- (a) Adopted Resolution No. R-1234 authorizing the General Manager to file an application for financial assistance from the Texas Water Development Board for capital improvements for the Central Regional Wastewater System;
- (b) Adopted Resolution No. R-1235 authorizing the General Manager to file an application for financial assistance from the Texas Water Development Board for capital improvements for the Ten Mile Creek Regional Wastewater System;
- (c) Adopted Resolution No. R-1236 authorizing the General Manager to file an application for financial assistance from the Texas Water Development Board for capital improvements for the Denton Creek Regional Wastewater System;
- (d) Adopted Resolution No. R-1237 authorizing the General Manager to file an application for financial assistance from the Texas Water Development Board for capital improvements for the Red Oak Creek Regional Wastewater System; and
- (e) Adopted Resolution No. R-1238 authorizing the General Manager to file an application for financial assistance from the Texas Water Development Board for capital improvements for the Mountain Creek Regional Wastewater System.

R. SOUTHEAST WISE COUNTY — REGIONAL WASTEWATER FACILITIES PLANNING GRANT — TEXAS WATER DEVELOPMENT BOARD APPLICATION.

Upon the motion of Director Butler, seconded by Director Neely, the Board of Directors unanimously adopted Resolution No. R-1232 authorizing the General Manager, or his designated representative, to submit an application to the Texas Water Development Board for a regional wastewater facilities planning grant for the southeast Wise County area.

S. MASTER PLAN REVIEW.

Upon the motion of Director Butler, seconded by Director Jenkins, the Board of Directors unanimously adopted the annual report on the status of the Master Plan.

[ITEMS T THROUGH W INVOLVED LITIGATION, POTENTIAL LITIGATION, OR ACQUISITION OF REAL PROPERTY AND WERE EXEMPT FROM THE OPEN MEETING REQUIREMENTS CONTAINED IN CHAPTER 551 OF THE GOVERNMENT CODE. TEX. GOV'T CODE ANN. § 551.071 - 551.072 (Vernon 2007). THE TRINITY RIVER AUTHORITY OF TEXAS CONVOKED AN EXECUTIVE, OR CLOSED, SESSION ON THE FOREGOING ITEMS SUBJECT TO THE REQUIREMENTS OF TEX. GOV'T CODE ANN. § 551.071 et seq. (Vernon 2007) ANY FINAL DECISION, ACTION OR VOTE WAS DONE IN OPEN SESSION.]

T. CENTRAL REGIONAL WASTEWATER SYSTEM — WEST FORK RELIEF INTERCEPTOR PROJECT, SEGMENT WF-1 — PARCEL # 13, SOUTH I.H. 30, LTD. — SETTLEMENT AGREEMENT.

Upon the motion of Director Wyatt, seconded by Director Browne, the Board of Directors unanimously approved the proposed settlement agreement in the amount of \$1,200,000 and authorized the General Manager, or his designated representative, to execute the documents required to acquire the easements from South I.H. 30, Ltd., necessary for construction, operation and maintenance of the Central Regional Wastewater System's West Fork Relief Interceptor Project, Segment WF-1.

U. STATUS REPORT ON CONDEMNATIONS.

This item was presented as a status report only; no action was necessary.

V. SELECTED MATTERS PENDING BEFORE THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY — STATUS REPORT.

This item was presented as a status report only; no action was necessary.

W. LITIGATION STATUS REPORT.

This item was presented as a status report only; no action was necessary.

X. BID AWARDS.

Northern Region Projects — Bids For Process Chemicals.

Upon the motion of Director M. Cronin, seconded by Director Clapp, the Board of Directors unanimously accepted the following vendors for process chemical annual supply bids with a one-year renewal option for Northern Region Projects:

<u>CHEMICAL</u>	<u>VENDOR</u>
Liquid Sulfur Dioxide - Rail	Calabrian Corporation
Powdered Activated Carbon	F2 Industries, LLC.

Central Regional Wastewater System — Bid For Analytical Lab Testing Service.

Upon the motion of Director M. Cronin, seconded by Director Clapp, the Board of Directors unanimously accepted the following vendor for analytical lab testing services as an annual bid with a one-year renewal option for Northern Region Projects:

<u>BID ITEM</u>	<u>VENDOR</u>
Analytical Lab Testing	ERMI Environmental Laboratories

Central Regional Wastewater System — Renewal Option For Filter Press Belts.

Upon the motion of Director M. Cronin, seconded by Director Clapp, the Board of Directors unanimously accepted the following bid vendor for filter press belts for the Central Regional Wastewater System:

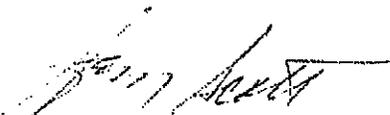
<u>BID ITEM</u>	<u>VENDOR</u>
Filter Press Belts	Filter Belts Division of National Filter Media Corp.

Other Business:

Adjournment:

There being no further business, the Board of Directors adjourned upon unanimous vote.

THE ABOVE AND FOREGOING ARE CERTIFIED TO BE TRUE AND CORRECT MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE TRINITY RIVER AUTHORITY OF TEXAS HELD FEBRUARY 27, 2008.



SAM SCOTT, Assistant Secretary
Board of Directors
Trinity River Authority of Texas

3/3/08

Date

II

Central Regional Wastewater System Aggregate Bonds

Sources of Funds

Par Amount of Bonds \$ 371,865,000.00

Total Sources \$ 371,865,000.00

Uses of Funds

Total Underwriter's Discount \$ 7,132,370.70

Costs of Issuance 3,300,000.00

Deposit to Debt Service Reserve Fund (DSRF) 26,940,225.02

Deposit to Capitalized Interest (CIF) Fund 22,424,606.81

Deposit to Project Construction Fund 312,058,400.00

Rounding Amount 9,397.47

Total Uses \$ 371,865,000

Central Regional Wastewater System Aggregate Bonds

	Outstanding Debt Service	Series 2009 SRF Bonds			Total Outstanding Debt Service
		Principal	Interest	Total	
11/30/2010	\$ 46,409,039	\$ -	\$ 4,566,105	\$ 4,566,105	\$ 50,975,144
11/30/2011	47,226,484	-	11,728,968	11,728,968	58,955,451
11/30/2012	48,224,431	5,000	16,203,863	16,208,863	64,433,294
11/30/2013	48,691,384	10,000	16,203,788	16,213,788	64,905,171
11/30/2014	49,141,756	2,675,000	16,203,608	18,878,608	68,020,364
11/30/2015	49,702,159	2,165,000	16,151,445	18,316,445	68,018,604
11/30/2016	50,056,540	1,860,000	16,102,733	17,962,733	68,019,273
11/30/2017	49,904,018	2,055,000	16,057,163	18,112,163	68,016,180
11/30/2018	41,052,168	11,125,000	16,002,705	27,127,705	68,179,873
11/30/2019	41,393,638	11,115,000	15,674,518	26,789,518	68,183,155
11/30/2020	41,389,730	11,465,000	15,324,395	26,789,395	68,179,125
11/30/2021	41,396,115	11,865,000	14,923,120	26,788,120	68,184,235
11/30/2022	41,393,510	12,305,000	14,484,115	26,789,115	68,182,625
11/30/2023	41,390,503	12,785,000	14,010,373	26,795,373	68,185,875
11/30/2024	41,392,395	13,290,000	13,498,973	26,788,973	68,181,368
11/30/2025	41,389,805	13,835,000	12,954,083	26,789,083	68,178,888
11/30/2026	41,392,473	14,430,000	12,359,178	26,789,178	68,181,650
11/30/2027	41,392,203	15,070,000	11,724,258	26,794,258	68,186,460
11/30/2028	41,388,368	15,750,000	11,046,108	26,796,108	68,184,475
11/30/2029	9,927,803	47,925,000	10,329,483	58,254,483	68,182,285
11/30/2030	8,576,753	51,480,000	8,124,933	59,604,933	68,181,685
11/30/2031	-	62,455,000	5,731,113	68,186,113	68,186,113
11/30/2032	-	58,200,000	2,764,500	60,964,500	60,964,500
	<u>\$ 862,831,270</u>	<u>\$ 371,865,000</u>	<u>\$ 292,169,520</u>	<u>\$ 664,034,520</u>	<u>\$ 1,526,865,790</u>

III

**CENTRAL REGIONAL
WASTEWATER SYSTEM
ENTERPRISE FUND**

TRINITY RIVER AUTHORITY OF TEXAS
CENTRAL REGIONAL WASTEWATER SYSTEM ENTERPRISE FUND

STATEMENT OF NET ASSETS
 NOVEMBER 30, 2008

ASSETS

CURRENT ASSETS:

Cash (Note 1)		\$	250
Equity in Pooled Cash and Investments (Note 1)			14,034,829
Accounts Receivable - Contracting Parties (Note 2)			807,820
Accounts Receivable - Other			173,795
Prepays and Other Assets			86,203
Inventory			611,985
Due from Other Authority Funds (Note 7)			45,730
Due from Restricted Assets			<u>1,741,222</u>
Total Current Assets			17,501,834

RESTRICTED ASSETS (Note 1):

Interest and Sinking Funds:			
Equity in Pooled Cash and Investments	\$	15,773,734	
Accrued Investment Income		373,626	
Due from Reserve Fund		783,628	
Due to Current Assets		<u>(1,741,222)</u>	\$ 15,189,766
Reserve Funds:			
Cash		58	
Equity in Pooled Cash and Investments		596,130	
United States Government and Agency Obligations		36,978,440	
Due to Interest and Sinking Fund		<u>(783,628)</u>	36,791,000
Construction Funds:			
Equity in Pooled Cash and Investments		174,013,764	
Accounts Receivable		<u>106,641</u>	174,120,405
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			227,201,171

CAPITAL ASSETS (Note 3):

Land and Easements			16,073,980
Sewage System and Extensions		757,090,224	
Accumulated Depreciation		<u>(258,804,983)</u>	498,285,241
Machinery and Equipment			
		7,847,167	
Accumulated Depreciation		<u>(5,646,568)</u>	2,200,599
Construction-in-Progress (Note 5)			
			<u>45,662,316</u>
Total Capital Assets - Net			562,222,136

DEFERRED CHARGES - Unamortized Bond Expense			\$ 9,668,028
TOTAL ASSETS			<u>816,593,169</u>
<u>LIABILITIES</u>			
CURRENT LIABILITIES:			
Payable from Current Assets:			
Accounts Payable and Accrued Expenses	\$ 1,854,385		
Accounts Payable - Contracting Parties (Note 2)	3,621,950		
Unearned Revenue	1,228		
Due to Other Authority Funds (Note 7)	108	\$ 5,477,671	
Payable from Restricted Assets:			
Accounts and Retainage Payable	14,992,657		
Unearned Revenue	1,939		
Due to Other Authority Funds (Note 7)	12,992		
Revenue Bonds - Current Maturities (Note 4)	22,380,000		
Accrued Interest on Bonds Payable	6,713,213	44,100,801	
Total Current Liabilities			49,578,472
LONG-TERM LIABILITIES (Note 4):			
Revenue Bonds, Less Current Maturities		531,295,000	
Unamortized Bond Premium (Discount)		7,211,231	
Deferred Amount on Refunding		(8,198,919)	
Accounts Payable and Accrued Expenses		3,020,775	
Total Long-Term Liabilities - Net			<u>533,328,087</u>
TOTAL LIABILITIES			<u>582,906,559</u>
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt		175,589,331	
Restricted for:			
Debt Service	45,267,553		
Other Purposes	1,100,000	46,367,553	
Unrestricted		11,729,726	
TOTAL NET ASSETS			\$ <u>233,686,610</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, 2008**

OPERATING REVENUE:

Sewage Service Contract Revenue (Note 2):

Irving	\$ 10,993,076
Grand Prairie	6,985,089
Arlington	19,486,646
Farmers Branch	1,915,877
Dallas	3,211,393
Eules	1,846,730
Carrollton	5,854,611
Dallas/Fort Worth International Airport Board	1,033,282
Bedford	2,192,462
Coppell	1,683,649
Colleyville	1,148,091
Fort Worth	1,618,417
Grapevine	874,767
Mansfield	2,587,771
Hurst	140,250
North Richland Hills	475,544
Duncanville	58,057
Keller	1,126,564
Southlake	1,046,328
Cedar Hill	228,314
Addison	763,872
Total	<u>65,270,790</u>
Water Reuse Revenue	631,114
Overstrength Surcharge	1,338,802
Professional Fees	591,673
Operating Overhead	686,248
Total Operating Revenue	<u>68,518,627</u>

OPERATING EXPENSES:

Personal Services	\$ 10,511,714
Supplies	4,325,727
Other Services and Charges	19,129,100
Depreciation	<u>16,765,245</u>
Total Operating Expenses	<u>50,731,786</u>

OPERATING INCOME

17,786,841

NON-OPERATING REVENUE (EXPENSES):		
Investment Income	\$ 9,425,305	
Interest Expense (Note 6)	(17,511,231)	
Paying Agent Fees	(3,403)	
SEC Disclosure Fees	(14,584)	
Amortization of Bond Sale Expense	(664,508)	
Other	(75,369)	
Total Non-Operating Revenue (Expense) - Net		\$ <u>(8,843,790)</u>
INCOME BEFORE TRANSFERS AND CONTRIBUTIONS		8,943,051
CONTRIBUTIONS (Notes 9 and 10)		300,789
TRANSFERS IN (Note 8)		<u>155,400</u>
CHANGE IN NET ASSETS		9,399,240
NET ASSETS - DECEMBER 1, 2007		<u>224,287,370</u>
NET ASSETS - NOVEMBER 30, 2008		\$ <u><u>233,686,610</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, 2008

CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	\$ 68,406,815	
Cash Received from Other Funds for Services	1,136,628	
Cash Payments to Suppliers for Goods and Services	(22,517,671)	
Cash Payments for Employee Services	(9,789,684)	
Cash Payments to Other Funds for Services	<u>(2,315,413)</u>	
Net Cash Provided by Operating Activities		\$ 34,920,675
CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES:		
Transfer from Other Authority Funds	155,400	
Other Cash Receipts	<u>46,563</u>	
Net Cash Provided by Non-Capital Financing Activities		201,963
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and Construction of Capital		
Assets Exclusive of Capitalized Interest	(82,187,327)	
Principal Paid on Revenue Bond Maturities	(21,225,000)	
Interest Paid on Revenue Bonds and Related Fees	(19,810,082)	
Proceeds from Issuance of Bonds	155,882,512	
Payment to Refunded Bond Escrow Agent	(65,433,043)	
Bond Sale Expenses Paid	(2,700,247)	
Proceeds from Sale of Capital Assets	96,610	
Paying Agent Fees	(3,403)	
SEC Disclosure Fees	(14,584)	
Contribution Received	<u>300,789</u>	
Net Cash Used for Capital and Related Financing Activities		(35,093,775)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from Sales and Maturities of Investments	20,344,591	
Purchases of Investments	(32,605,392)	
Cash Received for Investment Income	<u>9,267,981</u>	
Net Cash Used for Investing Activities		<u>(2,992,820)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		(2,963,957)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		<u>208,482,722</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u>\$ 205,518,765</u>

RECONCILIATION OF OPERATING INCOME	
TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating Income	\$ 17,786,841
Adjustments to Reconcile Operating Income to Net	
Cash Provided by Operating Activities:	
Depreciation	\$ 16,765,245
Change in Assets and Liabilities:	
Accounts Receivable - Contracting Parties	215,322
Accounts Receivable - Other	(158,658)
Prepays and Other Assets	(2,851)
Inventory	(187,029)
Due from Other Authority Funds	514,234
Accounts Payable	(252,488)
Accounts Payable - Contracting Parties	315,092
Unearned Revenue	(19,832)
Due to Other Authority Funds	(55,201)
Total Adjustments	<u>17,133,834</u>
Net Cash Provided by Operating Activities	<u>\$ 34,920,675</u>
SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITIES:	
Loss on Disposal of Capital Assets	\$ 126,097
Amortization of Bond Premium/Discount	(1,285,526)
Amortization of Deferred Amount on Refunding	1,397,931
Change in Fair Value of Investments	77,054
Change in Estimated Arbitrage Liability	1,026,338

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, 2008

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, 2008 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, 2008, debt service of \$42,017,176 was secured by pledged revenues of \$35,089,243, escrowed cash of \$5,992,124, and interest income earned on accounts restricted for debt service of \$935,809. 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, 2008 were as follows:

	<u>Balance</u> <u>December 1, 2007</u>	<u>Additions</u> <u>and Transfers</u>	<u>Deletions</u> <u>and Transfers</u>	<u>Balance</u> <u>November 30, 2008</u>
Land and Easements	\$ 12,737,896	\$ 3,336,084		\$ 16,073,980
Sewage System and Extensions	640,062,834	117,030,503	\$ (3,113)	757,090,224
Accumulated Depreciation	(242,792,833)	(16,013,242)	1,092	(258,804,983)
Machinery and Equipment	8,498,362	628,116	(1,279,311)	7,847,167
Accumulated Depreciation	(5,953,191)	(752,002)	1,058,625	(5,646,568)
Construction-in- Progress	<u>78,392,988</u>	<u>87,654,944</u>	<u>(120,385,616)</u>	<u>45,662,316</u>
Total	<u><u>\$490,946,056</u></u>	<u><u>\$191,884,403</u></u>	<u><u>\$ (120,608,323)</u></u>	<u><u>\$ 562,222,136</u></u>

In May of fiscal year 2008, the Authority changed the fixed asset capitalization threshold from \$1,000 to \$5,000. Due to this change in policy, assets with a cost basis less than \$5,000 were removed from the books. Assets written off in the Central Regional Wastewater System had a combined cost basis of \$1,116,352 and total accumulated depreciation of \$905,208.

4. The outstanding bonds of the Central Regional Wastewater System Enterprise Fund as of November 30, 2008 are comprised of the following:

<u>Series</u>	<u>Outstanding Principal Amount</u>	<u>Interest Rates</u>
Regional Wastewater System		
Revenue Bonds:		
Series 1998A	\$ 2,730,000	2.90% - 4.20%
Series 2001	87,220,000	1.95% - 3.60%
Series 2004	104,985,000	1.45% - 3.85%
Series 2005	9,525,000	4.20% - 5.00%
Series 2007	120,000,000	2.95% - 3.60%
Series 2008	90,000,000	1.65% - 3.55%
Regional Wastewater System		
Revenue Refunding Bonds:		
Series 2003	77,195,000	4.00% - 5.50%
Series 2008	62,020,000	4.00% - 5.00%
Total	\$ 553,675,000	

Changes in long-term debt during the year ended November 30, 2008 were as follows:

<u>Series</u>	<u>Balance December 1, 2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance November 30, 2008</u>	<u>Current Portion</u>
1998A	\$ 31,395,000		\$ 28,665,000	\$ 2,730,000	\$ 2,730,000
1998B	44,860,000		44,860,000	NIL	NIL
2001	87,540,000		320,000	87,220,000	320,000
2003	89,490,000		12,295,000	77,195,000	13,060,000
2004	104,990,000		5,000	104,985,000	5,000
2005	9,525,000			9,525,000	NIL
2007	120,000,000			120,000,000	NIL
2008	NIL	\$ 90,000,000		90,000,000	NIL
2008 Ref	NIL	62,020,000		62,020,000	6,265,000
	<u>487,800,000</u>	<u>152,020,000</u>	<u>86,145,000</u>	<u>553,675,000</u>	<u>22,380,000</u>
Compensated Absences	<u>706,088</u>	<u>435,391</u>	<u>425,650</u>	<u>715,829</u>	<u>421,391</u>
Total Long-Term Debt	<u>\$488,506,088</u>	<u>\$ 152,455,391</u>	<u>\$ 86,570,650</u>	<u>\$ 554,390,829</u>	<u>\$ 22,801,391</u>

In April 2008, the Authority issued \$90,000,000 of Regional Wastewater System Revenue Bonds, Series 2008, 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 1.65% to 3.55% per annum and mature serially on August 1 of each year.

Additionally, in August 2008, the Authority issued \$62,020,000 of Regional Wastewater System Revenue Refunding Bonds, Series 2008, of which the net proceeds were used to partially refund the Series 1998A Revenue Bonds and fully refund the Series 1998B Refunding Bonds. Although the refunding resulted in the recognition of an accounting loss of \$1,335,936 for the year ended November 30, 2008, the Authority in effect reduced its aggregate debt service payments by \$4,848,189 over the next 20 years and obtained an economic gain (difference between the present values of the old and new debt service payments) of \$2,393,433.

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</u> <u>November 30</u>	<u>Interest</u>	<u>Principal</u>
2009	\$ 20,894,338	\$ 22,380,000
2010	20,163,039	23,140,000
2011	18,975,485	25,140,000
2012	17,898,469	27,215,000
2013	16,725,475	28,855,000
2014-2018	64,548,372	154,290,000
2019-2023	40,078,329	123,995,000
2024-2028	16,692,362	147,375,000
2029	64,250	1,285,000
	<u>\$ 216,040,119</u>	<u>\$ 553,675,000</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, 2008, 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, 2008, the Authority was committed under construction contracts for \$174,064,042 of which \$131,330,882 has been incurred.
6. The Authority capitalized interest in 2008 in connection with construction in the Central Regional Wastewater System. The net interest capitalized for the year in connection with this project was \$3,008,444.

7. As of November 30, 2008, Central Regional Wastewater System owed \$13,007 to the General Fund for construction costs paid on its behalf and owed \$93 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 \$14,124 due from Ten Mile Creek Regional Wastewater System, \$2,741 due from Tarrant County Water Project, \$4,736 due from the General Fund, and \$24,129 due from nonmajor enterprise funds for construction costs and lab and maintenance services.
8. In 2008, Central Regional Wastewater System received a transfer of \$155,400 from Risk Retention Fund as a rebate of insurance premiums.
9. In March 2008, Central Regional Wastewater System received a contribution of \$224,000 from Dallas County to fund a portion of a sewer interceptor relocation project.
10. In fiscal year 2007, tornadoes and flooding caused damage to the West Fork Interceptor Sewer. Repairs to the sewer were begun in 2007 and completed in 2008. Costs of these repairs totaling \$76,789 were funded by a contribution from the Federal Emergency Management Agency, which was granted and received in 2008.
11. On December 3, 2008, the Authority's Board of Directors authorized the General Manager to issue Series 2009 Central Regional Wastewater System Revenue Bonds and the construction budget for those bonds in the amount of \$86,780,000.

**TRINITY RIVER AUTHORITY OF TEXAS
CENTRAL REGIONAL WASTEWATER SYSTEM ENTERPRISE FUND**

**SCHEDULE OF EXPENSES - BUDGETED AND ACTUAL
YEAR ENDED NOVEMBER 30, 2008**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
SEWAGE TREATMENT:			
Personal Services:			
Salaries	\$ 7,984,670	\$ 8,019,670	\$ 8,009,177
Payroll Taxes - FICA	610,830	610,830	597,233
Employee Benefit - Health/Life Insurance	1,081,660	1,081,660	1,081,653
Employee Benefit - Pension	910,690	820,690	781,187
Unemployment Compensation	21,560	21,560	16,588
Employee Recognition Program	22,750	22,750	21,022
Employee Benefit - Education	16,090	16,090	4,854
Total	10,648,250	10,593,250	10,511,714
Supplies:			
Office Supplies	53,800	76,800	75,884
Dues and Subscriptions	70,660	70,660	66,995
Fees - Other Than Dues and Subscriptions	89,610	89,610	77,787
Maintenance and Operating Supplies	222,850	292,850	280,673
Laboratory Supplies	359,000	384,000	360,015
Process Chemicals and Supplies	3,576,670	2,932,670	2,916,713
Fuel, Oil and Lubricants	207,750	371,750	345,922
Computer Software, Lic. & Instr. Supplies	66,660	205,660	201,738
Total	4,647,000	4,424,000	4,325,727
Other Services and Charges:			
Auditing	56,230	56,230	52,500
Engineering	385,000	725,000	702,256
Legal	21,200	109,200	93,255
Outside Services	414,220	314,220	336,466
Other Professional Services	219,500	274,500	273,496
IT Support Services	786,890	786,890	786,890
Telephone and Telemetering	78,710	78,710	64,706
Postage	12,640	17,840	17,510
Printing and Binding	6,250	6,250	3,887
Insurance	229,490	229,490	229,490
Travel	29,520	29,020	27,577
Laundry, Uniforms and Ind. Equipment	57,520	62,020	61,531
Training	57,940	57,440	54,415
Utilities	88,000	90,500	90,890
Power	7,656,250	7,319,050	7,302,305
Repairs and Maintenance - Collection	801,530	892,530	866,019
Repairs and Maintenance - Equipment	224,500	236,500	224,070
Repairs and Maintenance - Plant & Bldgs.	1,191,500	1,393,500	1,382,022
Repairs and Maintenance - Vehicles	35,340	43,340	40,406
Total Forward	12,352,230	12,722,230	12,609,691

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Total Forward	\$ 12,352,230	\$ 12,722,230	\$ 12,609,691
Other Services and Charges (Continued):			
Repair and Maintenance - Electrical	801,750	801,750	715,567
Off-site Bio-Solid Land Application	3,236,750	3,536,750	3,458,368
Rent - Machinery and Equipment	56,660	88,660	85,261
Administrative Overhead	2,260,170	2,260,170	2,260,213
Total	18,707,560	19,409,560	19,129,100
TOTAL OPERATING EXPENSES EXCLUSIVE OF DEPRECIATION	34,002,810	34,426,810	33,966,541
CAPITAL OUTLAYS - Machinery and Equipment*	1,062,740	638,740	609,908
DEBT SERVICE:			
Bond Principal Payments	21,225,000	21,225,000	21,225,000
Interest on Long-Term Debt**	14,632,800	14,632,800	14,415,053
Paying Agent Fees	3,300	3,300	3,403
SEC Disclosure Fees	10,500	10,500	14,584
TOTAL DEBT SERVICE	35,871,600	35,871,600	35,658,040
TOTAL**	\$ 70,937,150	\$ 70,937,150	\$ 70,234,489

* 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 excludes amortization of bond premium/discount and deferred amount on refunding.

IV

Wastewater Project Information (WRD-253a)

A. Project Name Trinity River Authority Central Regional Wastewater System		B. Project No. CWSRF Tier II No. 72318		C. County Dallas					
D. Program(s) CWSRF		E. Loan Amount \$371,865,000		F. Loan Term 20 years					
G. Wastewater Project Description: (Multiphase project, new or expansion, expansion of collection system, etc.) Attach map of service area affected by Project or other documentation. The following is a list of needed system improvements in various areas of the treatment plant and collection system: Treatment plant component reliability and capacity expansion improvements; interceptor relief improvements; pumping and screening system improvements; biosolids stabilization and processing; plan control system; wet weather flow; emergency efficiency improvements; odor abatement; erosion control; and infiltration/inflow management and maintenance.									
H. Wastewater Receiving Stream Trinity River		I. TNRCC Permit No. WQ10303-001		J. Segment No. 0841		K. Long. & Lat. of Discharge Location			
L. Projected Wastewater Flows									
1. Design Flow MGD 189		2. 2-Hour Peak MGD 555							
M. Proposed Permit Parameters									
1. CBOD5 mg/l		4. NH3-N mg/l 2/4 Seasonal							
2. BOD5 mg/l 7		5. DO mg/l 6.0							
3. TSS mg/l 15									
N. Other Pertinent Planning Information (Describe)									
O. Projected Population from application for 20 year period preferably in 5 year increments. Attach justification and list service area populations if different from Planning Area.			Year	Reference Year 2000	2003	2010	2015	2020	2030
			Population		1,114,723		1,342,336		1,704,769
Project Design Year			2040		Design Population			1,896,688	
P. Current Water Supply Information									
Surface Water Supply Name				Certificate No.			Annual Amount Used and Unit		
Ground Water Supply Aquifer						County			
Well Field Location						Annual Amount Used and Unit			
Q. Proposed Water Supply Information (over loan repayment period)									
Surface Water Supply Name				Certificate No.			Annual Amount Used and Unit		
Ground Water Supply Aquifer						County			
Well Field Location						Annual Amount Used and Unit			
R. Consulting Engineer Name Alan Plummer, P.E.				S. Telephone No. 817-806-1700			T. E-mail address aplummer@apainv.com		
U. Applicant Contact Name, Title Warren Brewer, Regional Manager				V. Telephone No. 817-493-5100			W. E-mail address brewerw@trinityra.org		

V

ESTIMATED PROJECT BUDGET

Clean Water (CW) State Revolving Fund (SRF) Tier III
(Costs of Proposed Project and Sources of Funds)

ITEM	SRF FUNDS	OTHER FUNDS	TOTAL FUNDS
Construction Costs			
WWTP Improvements	\$172,543,956		
Other (describe) Collection System	\$114,936,401		
Subtotal Construction Costs	\$287,480,357		
Basic Engineering Fees			
Planning Phase	\$5,354,323		
Design Phase	\$25,309,465		
Construction Phase	\$4,528,073		
Subtotal Basic Fees	\$35,191,861		
Special Engineering Fees			
Environmental Assessment			
Water Conservation Plan ¹			
Inspection ²	\$10,622,261		
Surveying	\$518,500		
Testing			
Geotechnical	\$183,000		
O & M Manual			
TNRCC/EPA Permitting			
Subtotal Special Fees	\$11,323,761		
Bond Issuance Costs			
Financial Advisor	\$625,048		
Bond Counsel	\$531,331		
Bond Insurance			
Attorney General	\$9,500		
Paying Agent & Miscellaneous	\$79,516		
Subtotal Issuance Costs	\$1,245,395		
Land, Easements or ROW ³	\$0		
Administration	\$1,455,070		
Contingency ⁴	\$18,520,653		
Loan Origination Fees ⁵	\$6,571,516		
TOTAL PROJECT COSTS	\$361,788,613		

- 1 Not required if loan amount is less than \$500,000.
- 2 Required on all projects.
- 3 No eligible for SRF funding unless integral to the treatment process.
- 4 15% or more is recommended.
- 5 A TWDB origination charge of 1.85%.

TAB 2

**A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD
APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE FROM THE CLEAN
WATER STATE REVOLVING FUND THROUGH THE PROPOSED PURCHASE OF
\$371,865,000 TRINITY RIVER AUTHORITY CENTRAL REGIONAL WASTEWATER
SYSTEM REVENUE BONDS, PROPOSED SERIES 2009**

(09-164)

WHEREAS, Trinity River Authority, on behalf of its Central Regional Wastewater System, (the "TRA") has filed an application for financial assistance in the amount of \$371,865,000 from the Clean Water State Revolving Fund to finance certain wastewater system improvements; and

WHEREAS, TRA seeks financial assistance from the Texas Water Development Board (the "Board") through the Board's proposed purchase of \$371,865,000 Trinity River Authority Central Regional Wastewater System Revenue Bonds, Proposed Series 2009, (the "Obligations"), all as is more specifically set forth in the application and in recommendations of the Board's Project Finance and Construction Assistance staff, to which documents express reference is made; and

WHEREAS, in accordance with §15.607, Water Code, the Board hereby finds:

1. that in its opinion the revenues pledged by TRA will be sufficient to meet all the obligations assumed by the TRA;
2. that the application and financial assistance requested meet the requirements of the Federal Water Pollution Control Act, 33 U.S.C. §§1251 *et seq.* (1972), as amended, as well as state law;
3. that the TRA will consider cost-effective, innovative methods of treatment; and
4. that the TRA has adopted and is implementing a water conservation program for the more efficient use of water that will meet reasonably anticipated local needs and conditions and that incorporates practices, techniques or technology prescribed by the Texas Water Code and the Board's rules.

NOW THEREFORE, based on these considerations and findings, the Texas Water Development Board resolves as follows:

A commitment is made by the Board to Trinity River Authority's Central Regional Wastewater System for financial assistance in the amount of \$371,865,000 from the Clean Water State Revolving Fund, to be evidenced by the Board's proposed purchase of \$371,865,000 Trinity River Authority Central Regional Wastewater System Revenue Bonds, Proposed Series 2009. This commitment will expire on November 30, 2011.

Such commitment is conditioned as follows:

1. this commitment is contingent on a future sale of bonds by the Board or on the availability of funds on hand;
2. this commitment is contingent upon issuance of a written approving opinion of the Attorney General of the State of Texas stating that all of the requirements of the laws under which said

obligations were issued have been complied with; that said obligations were issued in conformity with the Constitution and laws of the State of Texas; and that said obligations are valid and binding obligations of TRA;

3. this commitment is contingent upon TRA's compliance with all applicable requirements contained in the rules and regulations of the Board;
4. TRA's bond counsel must prepare a written opinion that states that the interest on the obligations is excludable from gross income or is exempt from federal income taxation. Bond counsel may rely on covenants and representations of the District when rendering this opinion;
5. TRA's bond counsel must also state in the written opinion that the obligations are not "private activity bonds." Bond counsel may rely on covenants and representations of the District when rendering this opinion;
6. the ordinance/resolution authorizing the issuance of these obligations, (hereinafter referred to as the "*Authorizing Document*"), must include a provision prohibiting TRA from using the proceeds of this loan in a manner that would cause the obligations to become "private activity bonds";
7. the Authorizing Document must include a provision requiring TRA to comply with the provisions of §148 of the Internal Revenue Code of 1986 (relating to arbitrage);
8. the Authorizing Document must include a provision requiring TRA to make any required rebate to the United States of arbitrage earnings;
9. the Authorizing Document must include a provision prohibiting TRA from taking any action which would cause the interest on the obligations to be includable in gross income for federal income tax purposes;
10. the Authorizing Document must provide that TRA will not cause or permit the obligations to be treated as "federally guaranteed" obligations within the meaning of §149(b) of the Internal Revenue Code;
11. the bond transcript must include a No Arbitrage Certificate or similar Federal Tax Certificate setting forth TRA's reasonable expectations regarding the use, expenditure and investment of the proceeds of the obligations;
12. the bond transcript must include evidence that the information reporting requirements of §149(e) of the Internal Revenue Code of 1986 will be satisfied. This requirement is currently satisfied by filing IRS Form 8038 with the Internal Revenue Service. A completed copy of IRS Form 8038 must be provided to the Executive Administrator of the Board prior to the release of funds;
13. the Authorizing Document must provide that the obligations can be called for early redemption only in inverse order of maturity, and on any date beginning on or after the first interest payment date which is 10 years from the dated date of the obligations, at a redemption price of par, together with accrued interest to the date fixed for redemption;
14. TRA, or an obligated person for whom financial or operating data is presented to the Board in the application for financial assistance either individually or in combination with other issuers of

TRA's obligations or obligated persons, will, at a minimum, covenant to comply with requirements for continuing disclosure on an ongoing basis substantially in the manner required by Securities and Exchange Commission ("SEC") rule 15c2-12 and determined as if the Board were a Participating Underwriter within the meaning of such rule, such continuing disclosure undertaking being for the benefit of the Board and the beneficial owner of TRA's obligations, if the Board sells or otherwise transfers such obligations, and the beneficial owners of the Board's bonds if TRA is an obligated person with respect to such bonds under SEC rule 15c2-12;

15. prior to closing, TRA shall submit documentation evidencing the adoption and implementation of sufficient system rates and charges or, if applicable, the levy of an interest and sinking tax rate sufficient for the repayment of all system debt service requirements;
16. prior to or at closing, TRA shall pay a 1.85% origination fee to the Board calculated pursuant to Board rules;
17. prior to closing, TRA shall adopt and provide an executed copy of a escrow agreement or a trust agreement, the form and substance of which is acceptable to the Executive Administrator, addressing the deposit of bond proceeds into an escrow account or a trust fund;
18. if a bond insurance policy or a surety policy in lieu of a cash reserve are utilized:
 - (a) thirty (30) days before closing, TRA shall submit a draft of the policy to the Board's Executive Administrator for a determination on whether the policy provides appropriate security in accordance with Board policies;
 - (b) prior to closing, TRA shall provide the executed underlying documents of the policy (e.g. commitment letter, specimen policy) in a form and substance that is satisfactory to the Board's Executive Administrator; and
 - (c) prior to closing, the Attorney General of the State of Texas must have considered the use of said policy as a part of its approval of the proposed bond issue.
19. subject to the availability of funds, TRA's debt structure or the timing of its funding needs, the Board's Executive Administrator may request that TRA execute a separate financing agreement in a form and substance acceptable to the Board;
20. loan proceeds shall not be used by TRA when sampling, testing, removing or disposing of contaminated soils and/or media at the project site. The Authorizing Document shall include an environmental indemnification provision wherein TRA agrees to indemnify, hold harmless and protect the Board from any and all claims, causes of action or damages to the person or property of third parties arising from the sampling, analysis, transport, storage, treatment and disposition of any contaminated sewage sludge, contaminated sediments and/or contaminated media that may be generated by TRA, its contractors, consultants, agents, officials and employees as a result of activities relating to the project to the extent permitted by law;
21. TRA may be required to submit outlay reports with sufficient supporting documentation (e.g. invoices, receipts) on a quarterly basis. The Board shall retain the right to request project progress reports and outlay reports monthly as the project proceeds through each project phase;

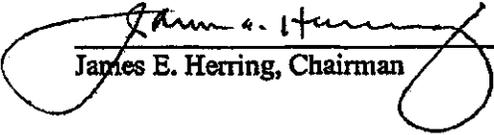
22. at the Board's option, the Board may fund the financial assistance under this Resolution with either available cash-on-hand or from bond proceeds. If the financial assistance is funded with available cash-on-hand, the Board reserves the right to change the designated source of funds to bond proceeds issued for the purpose of reimbursing funds used to provide the financial assistance approved in this Resolution; and
23. should one or more of the provisions in this resolution be held to be null, void, voidable or, for any reason whatsoever, of no force and effect, such provision(s) shall be construed as severable from the remainder of this resolution and shall not affect the validity of all other provisions of this resolution which shall remain in full force and effect.

PROVIDED, however, the Authorizing Document is subject to the following special conditions:

24. the loan is approved for funding under the Board's pre-design funding option as specified in 31 TAC §375.39, and initial and future releases of funds are subject to all rules of the Board relating to such funding option;
25. the Authorizing Document contain a provision that stating that the Authority will maintain rates and charges to the Contracting Parties sufficient to meet the debt service requirements on the outstanding obligations of the Authority that are supported by such revenues, and that the Authority will require in its contracts with the Contracting Parties that the Contracting Parties maintain rates and charges for its water and sewer systems sufficient to pay the Contracting Parties obligations secured by and made payable from the revenues derived from the operation of its water and sewer systems;
26. upon request by the Executive Administrator, the Authority shall submit annual audits of Contracting Parties for the Executive Administrator's review; and
27. if a reserve fund is funded with proceeds from this loan, then that reserve fund shall be used solely for the purpose of retiring the last bond payment, paying principal and interest when and to the extent the amounts in the interest and sinking fund are insufficient to satisfy the debt service requirements, or for purposes otherwise authorized by the Board's Executive Administrator.

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

TEXAS WATER DEVELOPMENT BOARD


James E. Herring, Chairman

ATTEST:


J. Kevin Ward
Executive Administrator

TAB 3

RESOLUTION NO. R-1289

CERTIFICATE FOR RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF TRINITY RIVER AUTHORITY OF TEXAS REGIONAL WASTEWATER SYSTEM REVENUE BONDS AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO

THE STATE OF TEXAS :
TRINITY RIVER AUTHORITY OF TEXAS :

I, the undersigned, Secretary of the Board of Directors of Trinity River Authority of Texas, being the official keeper of the minutes and records of said Authority, hereby certify as follows:

1. The Board of Directors of said Authority convened in REGULAR MEETING ON THE 2ND DAY OF DECEMBER, 2009, at the designated meeting place, and the roll was called of the duly constituted officers and members of said Board, to-wit:

Linda D. Timmerman, Ed.D., President	Nancy E. Lavinski
Harold L. Barnard, Vice President	David Leonard
Howard S. Slobodin, Secretary	Andrew Martinez
Herschel S. Brannen III	Kevin Maxwell
Karl R. Butler	Barbara Nash
Patricia Carlson	James W. Neale
Michael Cronin	Shanda S. Perkins
Steve Cronin	Manny Rachal
Ronald Goldman	AnaLaura Saucedo
Amanda Davis	Shirley K. Seale
John W. Jenkins	J. Carol Spillars
Katrina M. Keyes	Kim C. Wyatt
Jess A. Laird	Amir Rupani

and, at the time of adoption of the resolution hereinafter described, all of said persons were present and voted, except the following absentees: Davis, Nash, Neale and Rupani. Whereupon, a quorum being present, the following was transacted at said Meeting: a written

RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF TRINITY RIVER AUTHORITY OF TEXAS REGIONAL WASTEWATER SYSTEM REVENUE BONDS AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO

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

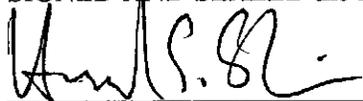
NAY: None.

ABSTAIN: None.

2. That a true, full, and correct copy of the aforesaid Resolution adopted at the Meeting described in the above and foregoing paragraph is attached to and follows this Certificate; that said Resolution has been duly recorded in said Board's minutes of said Meeting; that the above and foregoing paragraph is a true, full, and correct excerpt from said Board's minutes of said Meeting pertaining to the adoption of said Resolution; that the persons named in the above and foregoing paragraph are the duly chosen, qualified, and acting officers and members of said Board as indicated therein; and that each of

the officers and members of said Board was duly and sufficiently notified officially and personally, in advance, of the time, place, and purpose of the aforesaid Meeting, and that said Resolution would be introduced and considered for adoption at said Meeting; and that said Meeting was open to the public, and public notice of the time, place, and purpose of said Meeting was given, all as required by Chapter 551, Texas Government Code.

SIGNED AND SEALED the 2nd day of December, 2009.

A handwritten signature in black ink, appearing to read "H. S. G.", written over a horizontal line.

Secretary, Board of Directors,
Trinity River Authority of Texas.

(AUTHORITY SEAL)

RESOLUTION NO. R-1289

RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF TRINITY RIVER AUTHORITY OF TEXAS REGIONAL WASTEWATER SYSTEM REVENUE BONDS AND APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING THERETO

THE STATE OF TEXAS :
TRINITY RIVER AUTHORITY OF TEXAS :

WHEREAS, the Trinity River Authority of Texas (the "Authority" or the "Issuer") and the Contracting Parties, as hereinafter defined, have entered into Contracts, as hereinafter defined, under which the Authority will provide services for receiving, transporting, treating, and disposing of Wastewater; and

WHEREAS, the Contracts and, to the extent not otherwise defined or modified in this Resolution, the definitions set forth in the Contracts, are hereby referred to and adopted for all purposes, the same as if they had been set forth in their entirety in this Resolution; and

WHEREAS, pursuant to the Contracts and appropriate bond resolutions, as hereinafter defined, the Authority has previously issued the following bonds: "Trinity River Authority of Texas Regional Wastewater System Revenue Bonds, Series 1973" (the "Series 1973 Bonds"), in the original principal amount of \$23,000,000, "Trinity River Authority of Texas Regional Wastewater System Revenue Bonds, Series 1976," in the original principal amount of \$14,000,000, "Trinity River Authority of Texas Regional Wastewater System Revenue Bonds, Series 1979," in the original principal amount of \$8,600,000, "Trinity River Authority of Texas Regional Wastewater System Improvement Revenue Bonds, Series 1988," in the original principal amount of \$18,700,000, "Trinity River Authority of Texas Regional Wastewater System Improvement Revenue Bonds, Series 1989," in the original principal amount of \$134,750,000, "Trinity River Authority of Texas Regional Wastewater System Improvement Revenue Bonds, Series 1992," in the original principal amount of \$33,000,000, "Trinity River Authority of Texas Regional Wastewater System Revenue Bonds, Series 1995" in the original principal amount of \$43,515,000, "Trinity River Authority of Texas Regional Wastewater System Revenue Bonds, Series 1998A" in the original principal amount of \$50,845,000, "Trinity River Authority of Texas Regional Wastewater System Revenue Improvement and Refunding Bonds, Series 1998B" in the original principal amount of \$66,950,000, "Trinity River Authority of Texas Regional Wastewater System Revenue Bonds, Series 2001" (the "Series 2001 Bonds") in the original principal amount of \$88,225,000, "Trinity River Authority of Texas Regional Wastewater System Revenue Bonds, Series 2004" (the "Series 2004 Bonds") in the original principal amount of \$106,475,000, "Trinity River Authority of Texas Regional Wastewater System Revenue Bonds, Series 2005" (the "Series 2005 Bonds") in the original principal amount of \$9,525,000, "Trinity River Authority of Texas Regional Wastewater System Revenue Bonds, Series 2007" (the "Series 2007 Bonds") in the original principal amount of \$120,000,000, "Trinity River Authority of Texas Regional Wastewater System Revenue Bonds, Series 2008" (the "Series 2008 Bonds") in the original principal amount of \$90,000,000 and "Trinity River Authority of Texas Regional Wastewater System Revenue Bonds, Series 2009" (the "Series 2009 Bonds") in the original principal amount of \$86,780,000, with the above described series of bonds having been issued to finance the acquisition, construction, and improvement of the System described in the Contracts and, with respect to the Series 1998B Bonds, to refund portions of the Authority's bonds issued to finance the acquisition, construction, and improvement of the System described in the Contracts; and portions of the Authority's bonds issued to finance the acquisition, construction, and improvement of the System described in the Contracts were refunded by the "Trinity River Authority of Texas Regional Wastewater System Revenue Refunding Bonds, Series 1988," in the original principal amount of \$15,460,000, "Trinity River Authority of Texas Regional Wastewater System Revenue Refunding Bonds, Series 1993," in the original principal amount of \$209,940,000, "Trinity River Authority of Texas Regional Wastewater System Revenue Refunding

Bonds, Series 2003" (the "Series 2003 Refunding Bonds") in the original principal amount of \$135,885,000 and "Trinity River Authority of Texas Regional Wastewater System Revenue Refunding Bonds, Series 2008" (the "Series 2008 Refunding Bonds") in the original principal amount of \$62,020,000; and

WHEREAS, the 1973 Bond Resolution, and each successive Outstanding Parity Bond Resolution (hereinafter defined), provide that under certain conditions additional parity revenue bonds of the Authority may be issued for improvements, betterments, extensions, and replacements of the System described in the Contracts, and such conditions have been satisfied; and

WHEREAS, the bonds authorized to be issued by this Resolution (the "Bonds") shall be issued and delivered pursuant to Chapter 518, Acts of the 54th Texas Legislature, Regular Session, 1955, as amended, which created and empowers the Authority, Chapter 30, Texas Water Code and other applicable laws.

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

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.

(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 Contracting Parties 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 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 and Series 2009 Bonds.

(p) "Outstanding Parity Bond Resolution" or "Outstanding Parity Bond Resolutions" means, individually or collectively, as appropriate, the 2001 Bond Resolution, the 2003 Refunding Bond Resolution, the 2004 Bond Resolution, the 2005 Bond Resolution, the 2007 Bond Resolution, the 2008 Bond Resolution, the 2008 Refunding Bond Resolution and the 2009 Bond Resolution.

(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.

(u) "2001 Bond Resolution" means the resolution which authorized the Series 2001 Bonds described in the preamble.

(v) "2003 Refunding Bond Resolution" means the resolution which authorized the Series 2003 Refunding Bonds described in the preamble.

(w) "2004 Bond Resolution" means the resolution which authorized the Series 2004 Bonds described in the preamble.

(x) "2005 Bond Resolution" means the resolution which authorized the Series 2005 Bonds described in the preamble.

(y) "2007 Bond Resolution" means the resolution which authorized the Series 2007 Bonds described in the preamble.

(z) "2008 Bond Resolution" means the resolution which authorized the Series 2008 Bonds described in the preamble.

(aa) "2008 Refunding Bond Resolution" means the resolution which authorized the Series 2008 Refunding Bonds described in the preamble.

(bb) "2009 Bond Resolution" means the resolution which authorized the Series 2009 Bonds described in the preamble.

ARTICLE II

THE BONDS

Section 2.01. **RECITALS, AMOUNT AND PURPOSE OF THE BONDS.** The Board of Authority hereby incorporates the recitals set forth in the preamble hereto as if set forth in full at this place and further finds and determines that said recitals are true and correct. The bonds of the Issuer are hereby authorized to be issued in one or more series and delivered in the aggregate principal amount of not to exceed \$371,865,000, **FOR THE PURPOSE OF PROVIDING FUNDS TO ACQUIRE AND CONSTRUCT IMPROVEMENTS, BETTERMENTS, EXTENSIONS, AND REPLACEMENTS OF THE AUTHORITY'S REGIONAL WASTEWATER SYSTEM TO PROVIDE WASTEWATER DISPOSAL SYSTEM SERVICES TO CITIES AND OTHERS.**

Section 2.02. **DESIGNATION, DATE, DENOMINATIONS, NUMBERS, MATURITIES AND SALE OF BONDS.** (a) Each Bond issued pursuant to this Resolution shall be designated: "TRINITY RIVER AUTHORITY OF TEXAS REGIONAL WASTEWATER SYSTEM REVENUE BOND, SERIES ____", subject to paragraph (b) of this section.

(b) As authorized by Chapter 1371, Texas Government Code, as amended, the General Manager of the Issuer is hereby designated as the "Authorized Officer" of the Issuer, and is hereby authorized, appointed, and designated as the officer or employee of the Issuer authorized to act on behalf of the Issuer in the selling and delivering of the Bonds and carrying out the other procedures specified in this Resolution, including the use of a book-entry-only system with respect to the Bonds and the execution of an appropriate letter of representations if deemed appropriate, the determining and fixing of the date of the Bonds, any additional or different designation or title by which the Bonds shall be known, the price at which the Bonds will be sold, the aggregate principal amount of the Bonds and the amount of each maturity of principal thereof, the due date of each such maturity (not exceeding forty years from the date of the Bonds), the rate of interest to be borne by each such maturity, the interest payment dates and periods, the dates, price and terms upon and at which the Bonds shall be subject to redemption prior to due date or maturity at the option of the Issuer, any mandatory sinking fund redemption provisions, procuring municipal bond insurance, and approving modifications to this Resolution and executing such instruments, documents and agreements as may be necessary with respect thereto, if it is determined that such insurance would be financially desirable and advantageous, and all other matters relating to the issuance, sale and delivery of the Bonds. The Authorized Officer, acting for and on behalf of the Issuer, is authorized to arrange for the Bonds to be sold, in one or more issues, at negotiated sale to the Texas Water Development Board, at such price, in an amount not to exceed the aggregate principal amount set forth above, with such maturities of principal, with such interest rates, and with such optional and mandatory sinking fund redemption provisions, if any, and other matters, as shall be mutually acceptable. The price to be paid for the Bonds shall be not less than 95% of the initial aggregate principal amount thereof, plus accrued interest thereon from their date to their delivery, if any, and no Bond shall bear interest at a rate greater than 10% per annum. It is further provided, however, that, notwithstanding the foregoing provisions, the Bonds shall not be delivered unless, prior to their delivery, the Bonds have been rated by a nationally recognized rating agency for municipal long term obligations, as required by said Chapter 1371, Texas Government Code, as amended.

Section 2.03. CHARACTERISTICS OF THE BONDS. Registration, Transfer, Conversion and Exchange; Authentication. (a) The Issuer shall keep or cause to be kept at the principal corporate trust office of the Paying Agent/Registrar books or records for the registration of the transfer, conversion and exchange of the Bonds (the "Registration Books"), and the Issuer hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such registrations of transfers, conversions and exchanges under such reasonable regulations as the Issuer and Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such registrations, transfers, conversions and exchanges as herein provided. The Paying Agent/Registrar shall obtain and record in the Registration Books the address of the registered owner of each Bond to which payments with respect to the Bonds shall be mailed, as herein provided; but it shall be the duty of each registered owner to notify the Paying Agent/Registrar in writing of the address to which payments shall be mailed, and such interest payments shall not be mailed unless such notice has been given. The Issuer shall have the right to inspect the Registration Books during regular business hours of the Paying Agent/Registrar, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity. The Issuer shall pay the Paying Agent/Registrar's standard or customary fees and charges for making such registration, transfer, conversion, exchange and delivery of a substitute Bond or Bonds. Registration of assignments, transfers, conversions and exchanges of Bonds shall be made in the manner provided and with the effect stated in the FORM OF BOND set forth in this Resolution. Each substitute Bond shall bear a letter and/or number to distinguish it from each other Bond.

Except as provided in Section 2.03(c) hereof, an authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Bond, date and manually sign said Bond, and no such Bond shall be deemed to be issued or outstanding unless such Bond is so executed. The Paying Agent/Registrar promptly shall cancel all paid Bonds and Bonds surrendered for conversion and exchange. No additional ordinances, orders, or resolutions need be passed or adopted by the governing body of the Issuer or any other body or person so as to accomplish the foregoing conversion and

exchange of any Bond or portion thereof, and the Paying Agent/Registrar shall provide for the printing, execution, and delivery of the substitute Bonds in the manner prescribed herein, and said Bonds shall be of type composition printed on paper with lithographed or steel engraved borders of customary weight and strength. Pursuant to Subchapter D, Chapter 1201, Texas Government Code, the duty of conversion and exchange of Bonds as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of said Certificate, the converted and exchanged Bond shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Bonds which initially were issued and delivered pursuant to this Resolution, approved by the Attorney General, and registered by the Comptroller of Public Accounts.

(b) Payment of Bonds and Interest. The Issuer hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of and interest on the Bonds, all as provided in this Resolution. The Paying Agent/Registrar shall keep proper records of all payments made by the Issuer and the Paying Agent/Registrar with respect to the Bonds, and of all conversions and exchanges of Bonds, and all replacements of Bonds, as provided in this Resolution. However, in the event of a nonpayment of interest on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Issuer. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each registered owner appearing on the Registration Books at the close of business on the last business day next preceding the date of mailing of such notice.

(c) In General. The Bonds (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on such Bonds to be payable only to the registered owners thereof, (ii) may and shall be redeemed prior to their scheduled maturities (notice of which shall be given to the Paying Agent/Registrar by the Issuer at least 50 days prior to any such redemption date), (iii) transferred and assigned, (iv) may be converted and exchanged for other Bonds, (v) shall have the characteristics, (vi) shall be signed, sealed, executed and authenticated, (vii) the principal of and interest on the Bonds shall be payable, and (viii) shall be administered and the Paying Agent/Registrar and the Issuer shall have certain duties and responsibilities with respect to the Bonds, all as provided, and in the manner and to the effect as required or indicated, in the FORM OF BOND set forth in this Resolution. The Bonds initially issued and delivered pursuant to this Resolution are not required to be, and shall not be, authenticated by the Paying Agent/Registrar, but on each substitute Bond issued in conversion of and exchange for any Bond or Bonds issued under this Resolution the Paying Agent/Registrar shall execute the PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE, in the form set forth in the FORM OF BOND.

(d) Substitute Paying Agent/Registrar. The Issuer covenants with the registered owners of the Bonds that at all times while the Bonds are outstanding the Issuer will provide a competent and legally qualified bank, trust company, financial institution, or other agency to act as and perform the services of Paying Agent/Registrar for the Bonds under this Resolution, and that the Paying Agent/Registrar will be one entity. The Issuer reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not less than 120 days written notice to the Paying Agent/Registrar, to be effective not later than 60 days prior to the next principal or interest payment date after such notice. In the event that the entity at any time acting as Paying Agent/Registrar (or its successor by merger, acquisition, or other method) should resign or otherwise cease to act as such, the Issuer covenants that promptly it will appoint a competent and legally qualified bank, trust company, financial institution, or other agency to act as Paying Agent/Registrar under this Resolution. Upon any change in the Paying Agent/Registrar, the previous Paying Agent/Registrar promptly shall transfer and deliver the Registration Books (or a copy thereof), along with all other pertinent books and records relating to the Bonds, to the new Paying Agent/Registrar designated and appointed by the Issuer. Upon any change in the Paying Agent/Registrar, the Issuer promptly will cause a written notice thereof to be sent by the new Paying Agent/Registrar to each registered owner of the Bonds, by United States mail, first-class postage

prepaid, which notice also shall give the address of the new Paying Agent/Registrar. By accepting the position and performing as such, each Paying Agent/Registrar shall be deemed to have agreed to the provisions of this Resolution, and a certified copy of this Resolution shall be delivered to each Paying Agent/Registrar.

(e) Book-Entry Only System. At the discretion of the Authorized Officer, Bonds may be issued in exchange for the Bonds initially issued to the purchaser specified herein pursuant to a book-entry only system, and if so issued, such Bonds shall be initially issued in the form of a separate single fully registered Bond for each of the maturities thereof. Upon initial issuance, the ownership of each such Bond shall be registered in the name of Cede & Co., as nominee of The Depository Trust Company of New York ("DTC"), and except as provided in subsection (f) hereof, all of the outstanding Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the Issuer and the Paying Agent/Registrar shall have no responsibility or obligation to any securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created ("DTC Participant") to hold securities to facilitate the clearance and settlement of securities transactions among DTC Participants or to any person on behalf of whom such a DTC Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the Issuer and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other person, other than a registered owner of Bonds, as shown on the Registration Books, of any notice with respect to the Bonds, or (iii) the payment to any DTC Participant or any other person, other than a registered owner of Bonds, as shown in the Registration Books of any amount with respect to principal of or interest on the Bonds. Notwithstanding any other provision of this Resolution to the contrary, the Issuer and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Bond is registered in the Registration Books as the absolute owner of such Bond for the purpose of payment of principal and interest with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of and interest on the Bonds only to or upon the order of the registered owners, as shown in the Registration Books as provided in this Resolution, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Issuer's obligations with respect to payment of principal of and interest on the Bonds to the extent of the sum or sums so paid. No person other than a registered owner, as shown in the Registration Books, shall receive a Bond certificate evidencing the obligation of the Issuer to make payments of principal and interest pursuant to this Resolution. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Resolution with respect to interest checks being mailed to the registered owner at the close of business on the Record date, the words "Cede & Co." in this Resolution shall refer to such new nominee of DTC.

(f) Successor Securities Depository: Transfers Outside Book-Entry Only System. In the event that the Issuer determines that DTC is incapable of discharging its responsibilities described herein and in the representation letter of the Issuer to DTC or that it is in the best interest of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, the Issuer shall (i) appoint a successor securities depository, qualified to act as such under Section 17A of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor securities depository or (ii) notify DTC and DTC Participants of the availability through DTC of Bonds and transfer one or more separate Bonds to DTC Participants having Bonds credited to their DTC accounts. In such event, the Bonds shall no longer be restricted to being registered in the Registration Books in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names registered owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Resolution. The foregoing notwithstanding, the

Issuer shall not discontinue registration of the Bonds in the name of Cede & Co., as nominee of DTC, without obtaining the prior written consent of the Texas Water Development Board so long as the Texas Water Development Board is the beneficial owner of the Bonds.

(g) Payments to Cede & Co. Notwithstanding any other provision of this Resolution to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, in the manner provided in the representation letter of the Issuer to DTC.

(h) Notice of Redemption. (i) In addition to the notice of redemption set forth in the FORM OF BOND, the Paying Agent/Registrar shall give notice of redemption of the Bonds by first class mail, postage prepaid at least thirty (30) days prior to a redemption date to each registered securities depository and to any national information service that disseminates redemption notices. In addition, in the event of a redemption caused by an advance refunding of the Bonds, the Paying Agent/Registrar shall send a second notice of redemption to the persons specified in the immediately preceding sentence at least thirty (30) days but not more than ninety (90) days prior to the actual redemption date. Any notice sent to the registered securities depositories or such national information services shall be sent so that they are received at least two (2) days prior to the general mailing or publication date of such notice. The Paying Agent/Registrar shall also send a notice of prepayment or redemption to the Registered Owner of any Bond who has not sent the Bonds in for redemption sixty (60) days after the redemption date.

(ii) Each notice of redemption given by the Paying Agent/Registrar, whether required in the FORM OF BOND or in this Section, shall contain a description of the Bonds to be redeemed including the complete name of the Bonds, the Series, the date of issue, the interest rate, the maturity date, the CUSIP number, the certificate numbers, the amounts called of each certificate, the publications and mailing date for the notice, the date of redemption, the redemption price, the name of the Paying Agent/Registrar and the address at which the Bonds may be redeemed, including a contact person and telephone number.

(iii) All redemption payments made by the Paying Agent/Registrar to the Registered Owners shall include a CUSIP number relating to each amount paid to such Registered Owner.

Section 2.04. FORM OF BONDS. The form of the Bonds, including the form of Paying Agent/Registrar's Authentication Certificate, the form of Assignment and the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas to be attached to the Bonds initially issued and delivered pursuant to this Resolution, shall be, respectively, substantially as follows, with such appropriate variations, omissions, or insertions as are permitted or required by this Resolution.

FORM OF BOND

NO. R-	UNITED STATES OF AMERICA STATE OF TEXAS TRINITY RIVER AUTHORITY OF TEXAS REGIONAL WASTEWATER SYSTEM REVENUE BOND, SERIES ____	PRINCIPAL AMOUNT \$ _____
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<u>INTEREST RATE</u>	<u>DATE OF ISSUANCE</u>	<u>MATURITY DATE</u>	<u>CUSIP NO.</u>

REGISTERED OWNER:

PRINCIPAL AMOUNT:

DOLLARS

ON THE MATURITY DATE specified above, the TRINITY RIVER AUTHORITY OF TEXAS (the "Issuer"), being a governmental agency, and body corporate and politic of the State of Texas, hereby promises to pay to the Registered Owner set forth above, or registered assigns (hereinafter called the "registered owner") the principal amount set forth above, and to pay interest thereon from the Date of Issuance as set forth above, on _____, _____ and semiannually thereafter on each _____ and _____ to the maturity date specified above, or the date of redemption prior to maturity, at the interest rate per annum specified above, calculated on the basis of a 360-day year composed of twelve 30-day months; except that if this Bond is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such principal amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Bond or Bonds, if any, for which this Bond is being exchanged or converted from is due but has not been paid, then this Bond shall bear interest from the date to which such interest has been paid in full.

THE PRINCIPAL OF AND INTEREST ON this Bond are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Bond shall be paid to the registered owner hereof upon presentation and surrender of this Bond at maturity or upon the date fixed for its redemption prior to maturity, at the principal corporate trust office of The Bank of New York Mellon Trust Company, National Association, Dallas, Texas, which is the "Paying Agent/Registrar" for this Bond. The payment of interest on this Bond shall be made by the Paying Agent/Registrar to the registered owner hereof on each interest payment date by check or draft, dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the Issuer required by the Resolution authorizing the issuance of this Bond (the "Bond Resolution") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check or draft shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the registered owner hereof, at its address as it appeared on the fifteenth calendar day of the month next preceding each such date (the "Record Date") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described; provided, however, that for so long as the Texas Water Development Board ("TWDB") is the registered owner of the Bonds, all payments of principal and interest will be made in wire transfer form at no cost to the TWDB. In addition, interest may be paid by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Issuer. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each owner of a Bond appearing on the Registration Books at the close of business on the last business day next preceding the date of mailing of such notice.

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

amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Bonds, when due.

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

THIS BOND is one of an issue of Bonds initially dated _____, _____, authorized in accordance with the Constitution and laws of the State of Texas in the principal amount of \$ _____, FOR THE PURPOSE OF PROVIDING FUNDS TO ACQUIRE AND CONSTRUCT IMPROVEMENTS, BETTERMENTS, EXTENSIONS, AND REPLACEMENTS OF THE AUTHORITY'S REGIONAL WASTEWATER SYSTEM TO PROVIDE WASTEWATER DISPOSAL SYSTEM SERVICES TO CITIES AND OTHERS.

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

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

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

ALL BONDS OF THIS SERIES are issuable solely as fully registered Bonds, without interest coupons, in the denomination of any integral multiple of \$5,000. As provided in the Bond Resolution, this Bond, or any unredeemed portion hereof, may, at the request of the registered owner or the assignee or assignees hereof, be assigned, transferred, converted into and exchanged for a like aggregate principal amount of fully registered Bonds, without interest coupons, payable to the appropriate registered owner, assignee or assignees, as the case may be, having the same denomination or denominations in any integral multiple of \$5,000 as requested in writing by the appropriate registered owner, assignee or assignees, as the case may be, upon surrender of this Bond to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Bond Resolution. Among other requirements for such assignment and transfer, this Bond must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Bond or any portion or portions hereof in any integral multiple of \$5,000 to the assignee or assignees in whose name or names this Bond or any such portion or portions hereof is or are to be registered. The form of Assignment printed or endorsed on this Bond may be executed by the registered owner to evidence the assignment hereof, but such method is not exclusive, and other instruments of assignment satisfactory to the Paying Agent/Registrar may be used to evidence the assignment of this Bond or any portion or portions hereof from time to time by the registered owner. The Paying Agent/Registrar's reasonable standard or customary fees and charges for assigning, transferring, converting and exchanging any Bond or portion thereof will be paid by the Issuer. In any circumstance, any taxes or governmental charges required to be paid with respect thereto shall be paid by the one requesting such assignment, transfer, conversion or exchange, as a condition precedent to the exercise of such privilege. The Paying Agent/Registrar shall not be required to make any such transfer, conversion, or exchange (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or, (ii) with respect to any Bond or any portion thereof called for redemption prior to maturity, within 30 days prior to its redemption date.

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

IT IS HEREBY certified, recited, and covenanted that this Bond has been duly and validly authorized, issued, sold, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this Bond have been performed, existed, and been done in accordance with law; that this Bond, together with other bonds, is a special obligation of the Issuer payable from and secured by 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.

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

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 OWNER HEREOF shall never have the right to demand payment of this obligation out of any funds raised or to be raised by the levy of taxes by the Issuer, or from any source other than specified in the Bond Resolution.

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

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

Secretary, Board of Directors
Trinity River Authority of Texas

President, Board of Directors
Trinity River Authority of Texas

(AUTHORITY
SEAL)

FORM OF
PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE
(To be executed if this Bond is not accompanied by an
executed Registration Certificate of the Comptroller
of Public Accounts of the State of Texas)

It is hereby certified that this Bond has been issued under the provisions of the Bond Resolution described in the text of this Bond; and that this Bond has been issued in conversion or replacement of, or in exchange for, a bond, bonds, or a portion of a bond or bonds of a Series which originally was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

Dated

THE BANK OF NEW YORK MELLON TRUST COMPANY,
NATIONAL ASSOCIATION
Paying Agent/Registrar

By _____
Authorized Representative

FORM OF ASSIGNMENT

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto

Please insert Social Security or Taxpayer
Identification Number of Transferee

(Please print or typewrite name and address,
including zip code of Transferee)

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____, attorney, to register the transfer of the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by an eligible guarantor institution participating in a securities transfer association recognized signature guarantee program.

NOTICE: The signature above must correspond with the name of the registered owner as it appears upon the front of this Bond in every particular, without alteration or enlargement or any change whatsoever.

FORM OF REGISTRATION CERTIFICATE OF

THE COMPTROLLER OF PUBLIC ACCOUNTS:

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO.

I hereby certify that this Bond has been examined, certified as to validity, and approved by the Attorney General of the State of Texas, and that this Bond has been registered by the Comptroller of Public Accounts of the State of Texas.

Witness my signature and seal this

XXXXXX

Comptroller of Public Accounts
of the State of Texas

(COMPTROLLER'S SEAL)

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. The Issuer shall provide concurrent written notice to the Texas Water Development Board of the creation and funding of a Future Escrow Agreement with respect to the Bonds if the Texas Water Development Board is the beneficial owner of the Bonds at the time of its creation and funding.

(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 (i) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of the purchase thereof are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (iii) noncallable obligations

of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the Issuer adopts or approves the proceedings authorizing the financial arrangements are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent.

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

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

Section 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 Outstanding 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. (a) The Contracts provide for the payment by the Cities and the Airport Board to the Authority of (i) the net amount of all Operation and Maintenance Expenses, (ii) 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, (iii) 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 (iv) 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 (iii) and (iv) 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.

(b) Chapter 1208, Government Code, applies to the issuance of the Bonds and the pledge of the revenues granted by the Authority under this section, and is therefore valid, effective, and perfected. If Texas law is amended at any time while the Bonds are outstanding and unpaid such that the pledge of the revenues granted by the Authority under this section is to be subject to the filing requirements of Chapter 9, Business & Commerce Code, then in order to preserve to the registered owners of the Bonds

the perfection of the security interest in said pledge, the Authority 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.

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 an amount sufficient to provide for the payment of interest on the Bonds during a period of acquisition and construction of the proposed improvements to the System as determined by the Authorized Officer; 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 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 into one or more separate and special accounts, each to be designated a "Series ____ Bonds Regional Wastewater System Improvement Account", which are hereby directed to be created by and pursuant to this Resolution, to be established and maintained by the Issuer at a permitted FDIC-insured, official state depository institution separate and apart from all other funds and accounts of the Issuer, 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 sections 8(n) and 8-B, Article 8280-188, V.A.T.C.S., as amended, and in compliance with the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended, and the Public Funds Collateral Act, Chapter 2257, Texas Government Code, as amended), other than proceeds deposited in accordance with Sections 4.01, 4.02, and 4.03 hereof, shall be used along with other available proceeds for improving the System; provided that after such improvements have been completed if any of such interest earnings remain on hand, such interest earnings 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.

(i) to assure that the proceeds of the Bonds will be used solely for new money projects or to refund refunded bonds that were issued after December 31, 2003 and prior to January 1, 2009.

In order to facilitate compliance with the above covenant (h), a "Rebate Fund" is hereby established by the Issuer for the sole benefit of the United States of America, and such Fund shall not be subject to the claim of any other person, including without limitation the bondholders. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

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 President of the Board of Authority, or the Authorized Officer, 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. ALLOCATION OF, AND LIMITATION ON, EXPENDITURES FOR THE PROJECT. The Issuer covenants to account for the expenditure of sale proceeds and investment earnings to be used for the purposes described in Section 2.01 of this Resolution (the "Project") on its books and records in accordance with the requirements of the Internal Revenue Code. The Issuer recognizes that in order for the proceeds to be considered used for the reimbursement of costs, the proceeds must be allocated to expenditures within 18 months of the later of the date that (1) the expenditure is made, or (2) the Project is completed; but in no event later than three years after the date on which the original expenditure is paid. The foregoing notwithstanding, the Issuer recognizes that in order for proceeds to be expended under the Internal Revenue Code, the sale proceeds or investment earnings must be expended no more than 60 days after the earlier of (1) the fifth anniversary of the delivery of the Bonds, or (2) the date the Bonds are retired. The Issuer agrees to obtain the advice of nationally-recognized bond counsel if such expenditure fails to comply with the foregoing to assure that such expenditure will not adversely affect the tax-exempt status of the Bonds. For purposes hereof, the issuer shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

Section 7.03. DISPOSITION OF PROJECT. The Issuer covenants that the property constituting the Project will not be sold or otherwise disposed in a transaction resulting in the receipt by the Issuer of cash or other compensation, unless the Issuer obtains an opinion of nationally-recognized bond counsel that such sale or other disposition will not adversely affect the tax-exempt status of the Bonds. For purposes of the foregoing, the portion of the property comprising personal property and disposed in the ordinary course shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes hereof, the Issuer shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

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 Section, the following terms have the meanings ascribed to such terms below:

"MSRB" means the Municipal Securities Rulemaking Board.

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

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

(b) Pursuant to a Continuing Disclosure Agreement by and between the Issuer and the 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, of any of the following events with respect to the Bonds, if such event is material within the meaning of the federal securities laws:

- A. Principal and interest payment delinquencies;
- B. Non-payment related defaults;
- C. Unscheduled draws on debt service reserves reflecting financial difficulties;
- D. Unscheduled draws on credit enhancements reflecting financial difficulties;
- E. Substitution of credit or liquidity providers, or their failure to perform;
- F. Adverse tax opinions or events affecting the tax-exempt status of the Bonds;
- G. Modifications to rights of holders of the Bonds;
- H. Bond calls;
- I. Defeasances;
- J. Release, substitution, or sale of property securing repayment of the Bonds; and
- K. Rating changes.

(d) The Issuer additionally covenants, for the benefit of the beneficial owners of the Bonds, and for the beneficial owners of Texas Water Development Board bonds, to request and use its best efforts to obtain the financial information and operating data from the Initial Contracting Parties of the type to be included in Appendix B of any official statements of the Issuer relating to "Bonds" (as defined in the Continuing Disclosure Agreements), and to file, or cause to be filed, such financial information and operating data in the manner required by the Rule as if the Bonds had been initially sold pursuant to an "Offering" as defined in the Rule.

ARTICLE X

TEXAS WATER DEVELOPMENT BOARD REQUIREMENTS

Section 10.1. FINAL ACCOUNTING. The Issuer shall render a final accounting to the TWDB in reference to the total cost incurred by the Issuer for improvements and extensions to the System, together with a copy of "as built" plans of the project upon completion.

Section 10.2. SURPLUS BOND PROCEEDS. The Issuer shall use any surplus proceeds from the Bonds remaining after completion of the improvements, to ratably redeem, in inverse order of maturity, the Bonds owned by the TWDB.

Section 10.3. ANNUAL REPORTS. Annual audits of the Issuer shall be delivered to the TWDB as long as the State of Texas owns any of the Bonds.

Section 10.4 COMPLIANCE WITH THE TWDB'S RULES AND REGULATIONS. The Issuer covenants to comply with the rules and regulations of the TWDB, and to maintain insurance on the Issuer's System in an amount sufficient to protect the interests of the TWDB in the project. The Issuer (i) covenants to maintain rates and charges to the Contracting Parties sufficient to meet the debt service requirements on the Bonds and Outstanding Parity Bonds and (ii) has required in existing Contracts and will require in any future Contract with any additional Contracting Party that such additional Contracting Party maintain rates and charges for its water and sewer system sufficient to pay the additional Contracting Party's obligations secured by and made payable from the revenues derived from the operation of its water and sewer system.

Section 10.5. ESCROW AGREEMENT. The General Manager, acting as the "Authorized Officer" shall approve, execute and deliver an appropriate escrow agreement with a qualified and properly chartered trust institution. Proceeds of the Bonds required to be deposited under an escrow agreement shall be disposed of and released in accordance with TWDB Rules Relating to Financial Programs or as otherwise authorized and directed by the TWDB.

Section 10.6. ENVIRONMENTAL INDEMNIFICATION. The Issuer agrees to indemnify, hold harmless and protect the TWDB from any and all claims, causes of action or damages to the person or property of third parties arising from the sampling, analysis, transport and/or removal and disposition of any contaminated sewage sludge, contaminated sediments and/or contaminated media that may be generated by the Issuer, its contractors, consultants, agents, officials and employees as a result of activities relating to the project to the extent permitted by law.

Section 10.7. SPECIAL COVENANTS. Until the Bonds have been redeemed, paid or defeased, the Issuer will (i) implement any water conservation program required by the Board of the TWDB, (ii) comply with any special conditions specified by the Board of the TWDB in an environmental determination and (iii) maintain current, accurate and complete records and accounts necessary to demonstrate compliance with generally accepted government accounting standards and other financial assistance related legal and contractual provisions.

ARTICLE XI

MISCELLANEOUS

Section 11.01. **EXPIRATION OF AUTHORIZATION.** The authority of the General Manager, as Authorized Officer, to sell the Bonds as described in Section 2.02(b) of this Resolution shall expire on the one-year anniversary date of the adoption of this Resolution by the Board.

Section 11.02. **REPEAL OF CONFLICTING RESOLUTIONS.** All resolutions and all parts of any resolutions which are in conflict or inconsistent with this Resolution are hereby repealed and shall be of no further force or effect to the extent of such conflict or inconsistency.

TAB 4

CERTIFICATE OF GENERAL MANAGER

I, the undersigned General Manager of the Trinity River Authority of Texas (the "Issuer"), acting pursuant to the authority granted to me by resolution of the Board of Directors of the Issuer adopted on December 2, 2009 (the "Resolution") relating to the issuance of Trinity River Authority of Texas Regional Wastewater System Revenue Bonds, Series 2010 (the "Bonds") hereby find, determine and commit on behalf of the Issuer to sell and deliver the Bonds, as the first installment of \$371,865,000 in bonds authorized to be sold to the Texas Water Development Board ("TWDB") pursuant to the Resolution, on the following terms:

1. The Bonds are hereby sold and shall be delivered to, and shall be initially registered in the name of, the TEXAS WATER DEVELOPMENT BOARD, for cash at a price of par.

2. The principal amount of the Bonds shall be \$107,180,000.

3. The Bonds shall be dated January 1, 2010, shall be numbered from R-1 upwards and shall mature and bear interest from their date of delivery to TWDB (i.e., the Date of Issuance) as follows:

<u>MATURITY DATE</u> <u>(August 1)</u>	<u>PRINCIPAL</u> <u>AMOUNT(\$)</u>	<u>INTEREST</u> <u>RATE(%)</u>
2012	305,000	0.300
2013	350,000	0.650
2014	1,000,000	0.850
2015	600,000	1.150
2016	300,000	1.400
2017	340,000	1.650
2018	8,180,000	1.800
2019	4,310,000	2.000
2020	4,400,000	2.350
2021	4,500,000	2.550
2022	4,320,000	2.750
2023	4,435,000	2.900
2024	4,565,000	3.000
2025	4,705,000	3.300
2026	4,855,000	3.400
2027	5,020,000	3.500
2028	5,200,000	3.550
2029	12,500,000	3.600
2030	12,500,000	3.700
2031	12,000,000	3.750
2032	3,970,000	3.800
2033	4,125,000	3.850
2034	4,700,000	3.850

4. Interest on the Bonds shall be payable February 1 and August 1 of each year, commencing February 1, 2010.

5. The Bonds scheduled to mature on and after August 1, 2020, shall be redeemable prior to their scheduled maturities, in whole or in part, and, if in part, in inverse order of maturity, at the option of the Issuer,

on February 1, 2020 or on any date thereafter, for the principal amount thereof plus accrued interest to the date fixed for redemption, and without premium.

6. The Issuer will maintain rates and charges to the "Contracting Parties" (as defined in the Resolution) in amounts sufficient to meet the debt service requirements on the Bonds and other obligations of the Issuer that are supported by the contract payments of the Contracting Parties. The Issuer will, upon request by the Executive Administrator of the TWDB, submit annual audits of Contracting Parties for the Executive Administrator's review.

7. Immediately upon closing and delivery of the Bonds, the Issuer shall pay to the TWDB a 1.85% origination charge with respect to the Bonds calculated pursuant to the rules of the TWDB.

8. Proceeds from the sale of the Bonds shall come from and be used and deposited as follows:

Sources of Funds:	Total (\$)
Principal Amount of Bonds	107,180,000.00
TOTAL SOURCES	107,180,000.00
Uses of Funds:	
TWDB origination fee	1,946,814.00
Costs of Issuance	1,033,767.01
Construction Fund	100,530,680.29
Capitalized interest	3,492,504.51
Reserve Fund	176,234.19
TOTAL USES	107,180,000.00

9. The Issuer will not discontinue the use of DTC without giving prior written notice to TWDB.

10. The Issuer hereby creates and establishes and shall maintain on the books of the Issuer a separate fund to be entitled the "Series 2010 Bonds Regional Wastewater System Improvement Account" for use by the Issuer for payment of all lawful costs associated with the acquisition and construction of the Project as hereinbefore provided. Upon payment of all such costs, any moneys remaining on deposit in said Fund shall be transferred to the Interest and Sinking Fund. Amounts so deposited to the Interest and Sinking Fund shall be used in the manner described in Section 10.02 of the Resolution.

11. The Bonds shall be substantially in the form attached hereto as Exhibit A.

12. The Issuer covenants to maintain insurance on the Issuer's System in an amount sufficient to protect the TWDB's interest in the project financed with the proceeds of the Bonds.

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DEC 10 2009

Witness my hand this _____.

TRINITY RIVER AUTHORITY OF TEXAS

A handwritten signature in black ink, appearing to read "Danny F. Vance", written over a horizontal line.

Danny F. Vance
General Manager

EXHIBIT A

NO. R-	UNITED STATES OF AMERICA STATE OF TEXAS TRINITY RIVER AUTHORITY OF TEXAS REGIONAL WASTEWATER SYSTEM REVENUE BOND, SERIES 2010	PRINCIPAL AMOUNT \$
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<u>INTEREST RATE</u>	<u>DATE OF ISSUANCE</u>	<u>MATURITY DATE</u>	<u>CUSIP NO.</u>
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REGISTERED OWNER:

PRINCIPAL AMOUNT:

ON THE MATURITY DATE specified above, the TRINITY RIVER AUTHORITY OF TEXAS (the "Issuer"), being a governmental agency, and body corporate and politic of the State of Texas, hereby promises to pay to the Registered Owner set forth above, or registered assigns (hereinafter called the "registered owner") the principal amount set forth above, and to pay interest thereon from the Date of Issuance as set forth above, on February 1, 2010 and semiannually thereafter on each August 1 and February 1 to the maturity date specified above, or the date of redemption prior to maturity, at the interest rate per annum specified above, calculated on the basis of a 360-day year composed of twelve 30-day months; except that if this Bond is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such principal amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Bond or Bonds, if any, for which this Bond is being exchanged or converted from is due but has not been paid, then this Bond shall bear interest from the date to which such interest has been paid in full.

THE PRINCIPAL OF AND INTEREST ON this Bond are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Bond shall be paid to the registered owner hereof upon presentation and surrender of this Bond at maturity or upon the date fixed for its redemption prior to maturity, at the principal corporate trust office of The Bank of New York Mellon Trust Company, National Association, Dallas, Texas, which is the "Paying Agent/Registrar" for this Bond. The payment of interest on this Bond shall be made by the Paying Agent/Registrar to the registered owner hereof on each interest payment date by check or draft, dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the Issuer required by the Resolution authorizing the issuance of this Bond (the "Bond Resolution") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check or draft shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the registered owner hereof, at its address as it appeared on the fifteenth calendar day of the month next preceding each such date (the "Record Date") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described; provided, however, that for so long as the Texas Water Development Board ("TWDB") is the registered owner of the Bonds, all payments of principal and interest will be made in wire transfer form at no cost to the TWDB. In

addition, interest may be paid by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Issuer. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each owner of a Bond appearing on the Registration Books at the close of business on the last business day next preceding the date of mailing of such notice.

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

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

THIS BOND is one of an issue of Bonds initially dated January 1, 2010, authorized in accordance with the Constitution and laws of the State of Texas in the principal amount of \$107,180,000, FOR THE PURPOSE OF PROVIDING FUNDS TO ACQUIRE AND CONSTRUCT IMPROVEMENTS, BETTERMENTS, EXTENSIONS, AND REPLACEMENTS OF THE AUTHORITY'S REGIONAL WASTEWATER SYSTEM TO PROVIDE WASTEWATER DISPOSAL SYSTEM SERVICES TO CITIES AND OTHERS.

ON FEBRUARY 1, 2020, or on any date thereafter, the Bonds of this Series may be redeemed prior to their scheduled maturities, at the option of the Issuer, with funds derived from any available and lawful source, as a whole, or in part in inverse order of maturity, and, if in part, the particular Bonds to be redeemed shall be selected and designated by the Issuer, at the redemption price of the principal amount, plus accrued interest to the date fixed for redemption.

AT LEAST 30 days prior to the date fixed for any redemption of Bonds or portions thereof prior to maturity a written notice of such redemption shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, to the registered owner of each Bond to be redeemed at its address as it appeared on the day such notice of redemption is mailed and to major securities depositories, national bond rating agencies and bond information services; provided, however, that the failure of the registered owner to receive such notice, or any defect therein or in the sending or mailing thereof, shall not affect the validity or effectiveness of the proceedings for the redemption of any Bond. By the date fixed for any such redemption due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for the Bonds or portions thereof which are to be so redeemed. If such written notice of redemption is published and if due provision for such payment is made, all as provided above, the Bonds or portions thereof which are

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

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

ALL BONDS OF THIS SERIES are issuable solely as fully registered Bonds, without interest coupons, in the denomination of any integral multiple of \$5,000. As provided in the Bond Resolution, this Bond, or any unredeemed portion hereof, may, at the request of the registered owner or the assignee or assignees hereof, be assigned, transferred, converted into and exchanged for a like aggregate principal amount of fully registered Bonds, without interest coupons, payable to the appropriate registered owner, assignee or assignees, as the case may be, having the same denomination or denominations in any integral multiple of \$5,000 as requested in writing by the appropriate registered owner, assignee or assignees, as the case may be, upon surrender of this Bond to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Bond Resolution. Among other requirements for such assignment and transfer, this Bond must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Bond or any portion or portions hereof in any integral multiple of \$5,000 to the assignee or assignees in whose name or names this Bond or any such portion or portions hereof is or are to be registered. The form of Assignment printed or endorsed on this Bond may be executed by the registered owner to evidence the assignment hereof, but such method is not exclusive, and other instruments of assignment satisfactory to the Paying Agent/Registrar may be used to evidence the assignment of this Bond or any portion or portions hereof from time to time by the registered owner. The Paying Agent/Registrar's reasonable standard or customary fees and charges for assigning, transferring, converting and exchanging any Bond or portion thereof will be paid by the Issuer. In any circumstance, any taxes or governmental charges required to be paid with respect thereto shall be paid by the one requesting such assignment, transfer, conversion or exchange, as a condition precedent to the exercise of such privilege. The Paying Agent/Registrar shall not be required to make any such transfer, conversion, or exchange (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or, (ii) with respect to any Bond or any portion thereof called for redemption prior to maturity, within 30 days prior to its redemption date.

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

IT IS HEREBY certified, recited, and covenanted that this Bond has been duly and validly authorized, issued, sold, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this Bond have been performed, existed, and been done in accordance with law; that this Bond, together with other bonds, is a special obligation of the Issuer payable from and secured by 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.

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

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 OWNER HEREOF shall never have the right to demand payment of this obligation out of any funds raised or to be raised by the levy of taxes by the Issuer, or from any source other than specified in the Bond Resolution.

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

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

Secretary, Board of Directors
Trinity River Authority of Texas

President, Board of Directors
Trinity River Authority of Texas

(AUTHORITY
SEAL)

PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

(To be executed if this Bond is not accompanied by an
executed Registration Certificate of the Comptroller
of Public Accounts of the State of Texas)

It is hereby certified that this Bond has been issued under the provisions of the Bond Resolution described in the text of this Bond; and that this Bond has been issued in conversion or replacement of, or in exchange for, a bond, bonds, or a portion of a bond or bonds of a Series which originally was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

Dated

THE BANK OF NEW YORK MELLON TRUST COMPANY,
NATIONAL ASSOCIATION
Paying Agent/Registrar

By _____
Authorized Representative

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto

Please insert Social Security or Taxpayer
Identification Number of Transferee

(Please print or typewrite name and address,
including zip code of Transferee)

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____, attorney, to register the transfer of the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed

NOTICE: Signature(s) must be guaranteed by an eligible guarantor institution participating in a securities transfer association recognized signature guarantee program.

NOTICE: The signature above must correspond with the name of the registered owner as it appears upon the front of this Bond in every particular, without alteration or enlargement or any change whatsoever.

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO.

I hereby certify that this Bond has been examined, certified as to validity, and approved by the Attorney General of the State of Texas, and that this Bond has been registered by the Comptroller of Public Accounts of the State of Texas.

Witness my signature and seal this

Comptroller of Public Accounts
of the State of Texas

(COMPTROLLER'S SEAL)

TAB 5

GENERAL CERTIFICATE

THE STATE OF TEXAS :
TRINITY RIVER AUTHORITY OF TEXAS :

We, the undersigned, hereby officially certify that we are the President and Secretary of the Board of Directors, respectively, of the Trinity River Authority of Texas (the "Authority") and the General Manager of the Authority, and we further certify as follows:

1. That this certificate is executed for the benefit of the Attorney General of the State of Texas and the prospective owners of the proposed Trinity River Authority of Texas Regional Wastewater System Revenue Bonds, Series 2010, dated January 1, 2010, (the "Bonds") authorized by resolution of the Board of Directors of the Authority on December 2, 2009 (the "Bond Resolution").

2. That Trinity River Authority of Texas is a conservation and reclamation district and political subdivision of the State of Texas, created pursuant to Chapter 518, Acts of the Regular Session of the 54th Legislature, 1955, as amended (the "Authority Act").

3. a. That the Contracts, as defined in the Bond Resolution, between the Authority and 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 (the "Contracting Parties") have not in any manner been changed, amended, or supplemented since the issuance and delivery of that issue of Trinity River Authority of Texas Regional Wastewater System Revenue Bonds, Series 2009, dated February 1, 2009; and all of the above Contracts are in full force, operation, and effect; and no default exists with respect to any of said Contracts.

b. The form of Regional Wastewater System Contract between the Authority and the Town of Addison, Texas, dated as of October 24, 1990, submitted to the Attorney General of Texas in connection with the issuance of the Bonds is (i) identical to the executed version of such contract and (ii) substantially identical to all of the other Contracts between the Authority and the "Contracting Parties," as defined in the Bond Resolution.

4. That none of the Net Revenues, as defined in the Bond Resolution, from the aforesaid Contracts are pledged or encumbered to the payment of any debt or obligation whatsoever, except the pledge of such revenues to the payment of principal of and interest on the following:

The unpaid and unrefunded Trinity River Authority of Texas Regional Wastewater System Revenue Bonds, 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 and the Bonds (collectively, the "Parity Bonds").

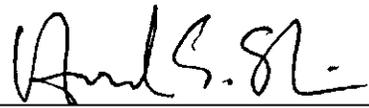
5. That no default exists in connection with any of the covenants or requirements of the resolutions authorizing the Trinity River Authority of Texas Regional Wastewater System Revenue Bonds, Series 2001 Bonds, Series 2003 Refunding Bonds, Series 2004 Bonds, Series 2005 Bonds, Series 2007 Bonds, Series 2008 Bonds, Series 2008 Refunding Bonds and Series 2009 Bonds; and the "Interest and Sinking Fund" and the "Reserve Fund" created and maintained pursuant to said resolutions each contains the amount now required to be on deposit therein.

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

7. That the statements and information set forth in the Application to the Texas Water Development Board, pertaining to the Authority, the Contracting Parties, and the Bonds, and particularly the operating statements, debt service requirements, revenues, rates for water and sewer services (which rates, respectively, have been set by pertinent and applicable ordinances or resolutions now in effect), and other information set forth therein, are true and correct in all material respects, and the above statements and information concerning the Contracting Parties have been verified by the Authority from official documents and information furnished to the Authority by the Contracting Parties, respectively, specifically for inclusion in the aforesaid Application.

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SIGNED Dec. 10, 2009



Secretary, Board of Directors,
Trinity River Authority of Texas



President, Board of Directors,
Trinity River Authority of Texas



General Manager,
Trinity River Authority of Texas

TAB 6

ESCROW AGREEMENT

THIS ESCROW AGREEMENT (the "Agreement"), dated as of January 1, 2010, made by and between the Trinity River Authority of Texas (the "Authority"), a political subdivision of the State of Texas, acting by and through its General Manager, and Wells Fargo Bank, N.A., as Escrow Agent (the "Escrow Agent") together with any successor in such capacity;

WITNESSETH:

WHEREAS, pursuant to a resolution finally adopted on December 2, 2009 (the "Resolution"), the Board of Directors of the Authority authorized the issuance of \$107,180,000 Trinity River Authority of Texas Regional Wastewater System Revenue Bonds, Series 2010, dated January 1, 2010 (the "Bonds"), for the purpose of providing funds to acquire and construct improvements, betterments, extensions, and replacements of the Authority's regional wastewater system to provide wastewater disposal system services to cities and others (the "Project"); and

WHEREAS, such Resolution also confirmed the sale of the Bonds to the Texas Water Development Board (the "TWDB"); and

WHEREAS, the Escrow Agent is a national bank located in the State of Texas, an insured depository institution with the Federal Deposit Insurance Corporation, ("FDIC"), has been designated a state depository institution by the Texas Office of the Comptroller and is otherwise qualified and empowered to enter into this Agreement, and hereby acknowledges its acceptance of the terms and provisions hereof; and

WHEREAS, a condition to the purchase of the Bonds by the TWDB is the deposit of the proceeds of sale (less amounts to pay costs of issuance) in escrow subject to being withdrawn only with the approval of the Executive Administrator of the TWDB or an authorized representative; provided, however, the funds can be transferred to different investments so long as all parties hereto consent to such transfer;

NOW, THEREFORE, in consideration of the mutual agreements herein contained and in consideration of the amount to be paid by the Authority to the Escrow Agent, as set forth on Exhibit A, the receipt of which is hereby acknowledged, and in order to secure the delivery of the Bonds, the parties hereto mutually undertake, promise and agree for themselves, their respective representatives and successors, as follows:

SECTION 1: ESCROW ACCOUNT. Upon the delivery of the Bonds described above, proceeds of sale (less amounts to pay costs of issuance) shall be deposited to the credit of a special escrow account maintained at the Escrow Agent on behalf of the Authority and the TWDB and shall not be commingled with other accounts or funds. The amounts received by the Escrow Agent under this Agreement shall not be considered as a banking deposit by the Authority, and the Escrow Agent shall have no right to title with respect thereto except as a fiduciary and Escrow Agent under the terms of this Agreement.

These escrowed funds shall be kept in a separate account entitled "Trinity River Authority of Texas Regional Wastewater System Revenue Bonds, Series 2010 Escrow Account" and shall not be subject to warrants, drafts or checks drawn by the Authority but shall be disbursed or withdrawn to pay the costs of the project for which the Bonds were issued (the "Project Costs") in accordance with the Resolution and solely upon written authorization from the Executive Administrator, or his authorized representative. The Escrow Agent shall distribute to the Authority and to the Executive Administrator's staff of the TWDB the escrow account bank statements or trust account statements on a monthly basis.

SECTION 2: COLLATERAL. All cash deposited to the credit of such escrow account and any accrued interest in excess of the amounts insured by the Federal Deposit Insurance Corporation and remaining uninvested under the terms of this Agreement shall be continuously secured by a valid pledge of direct obligations of the United States of America or other collateral meeting the requirements of the Public Funds Collateral Act, Chapter 2257, Texas Government Code, as amended.

SECTION 3: INVESTMENTS. While funds are held in escrow, the Escrow Agent shall only invest escrowed funds in investments that are authorized by the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended. It is the Authority's responsibility to direct the Escrow Agent to invest all public funds in a manner that is consistent not only with the Public Funds Investment Act but also with its own written investment policy.

SECTION 4: DISBURSEMENTS. The Escrow Agent shall not honor any disbursement from the escrow fund, or any portion thereof, unless and until it has been supplied with written approval and consent by the Executive Administrator of the TWDB or an authorized TWDB representative. However, no written approval and consent by the Executive Administrator shall be required if the disbursement involves transferring funds from one investment to another provided that all such investments are consistent with the requirements of the Public Funds Investment Act.

SECTION 5: UNEXPENDED FUNDS. Any sums remaining unexpended in the escrow account after completion of the Project, after the final accounting has been submitted to and approved by the TWDB, shall be disposed of pursuant to the provisions of the Resolution.

SECTION 6: CERTIFICATIONS. The Escrow Agent shall be authorized to accept and rely upon the certifications and documents furnished to the Escrow Agent by the Authority and shall not be liable for the payment of any funds made in reliance in good faith upon such certifications or other documents or approvals, as herein recited.

SECTION 7: LIABILITY OF ESCROW AGENT. To the extent permitted by law, the Escrow Agent shall not be liable for any act done or step taken or omitted by it or any mistake of fact or law, except for its negligence or default or failure in the performance of any obligation imposed upon it hereunder. The Escrow Agent shall not be responsible in any manner for any proceedings in connection with the Bonds or any recitation contained in the Bonds.

SECTION 8: RECORDS. The Escrow Agent will keep complete and correct books of record and account relating to the receipts, disbursements, allocations and application of the money deposited to the Escrow Fund, and investments of the Escrow Fund and all proceeds thereof. The records shall be available for inspection at reasonable hours and under reasonable conditions by the Authority and the TWDB.

SECTION 9: MERGER/CONSOLIDATION. In the event that the Escrow Agent merges or consolidates with another bank or sells or transfers substantially all of its assets or corporate trust business, then the successor bank shall be the successor Escrow Agent without the necessity of further action as long as the successor bank is a state or national bank as well as an FDIC-insured depository institution. The Escrow Agent must provide the TWDB with written notification within 30 days of acceptance of the merger, consolidation, or transfer. If the merger, consolidation or other transfer has occurred between state banks, the newly-created entity shall forward the certificate of merger or exchange issued by the Texas Department of Banking as well as the statement filed with the pertinent chartering authority, if applicable, to the TWDB within a reasonable time of such merger, consolidation or exchange.

SECTION 10: AMENDMENTS. This Agreement may be modified or amended from time to time as necessary with the written consent of the Authority, the Escrow Agent and the TWDB, but no such

amendments shall increase the liabilities or responsibilities or diminish the rights of the Escrow Agent without its consent.

SECTION 11: TERMINATION. In the event that this Agreement is terminated by either the Authority or by the Escrow Agent, the Escrow Agent must report said termination in writing to the TWDB within 5 business days of such termination. The Authority is responsible for ensuring that the following criteria are satisfied in selecting the successor escrow agent and notifying the TWDB of the change in escrow agents: (a) the successor escrow agent must be an FDIC-insured state or national bank designated by the Texas Comptroller as a state depository; (b) the successor escrow agent must be retained prior to or at the time of the termination; (c) an escrow agreement must be executed by and between the Authority and the successor escrow agent and must contain the same or substantially similar terms and conditions as are present in this Agreement; and (d) the Authority must forward a copy of the executed escrow agreement with the successor escrow agent within 5 business days of said termination. No funds shall be released by the TWDB until it has received, reviewed and approved the escrow agreement with the successor escrow agent.

SECTION 12: EXPIRATION. This Agreement shall expire upon final transfer of the funds in the Escrow Account to the Authority.

SECTION 13: POINT OF CONTACT. The points of contact for the Escrow Agent and the TWDB are as follows:

Jose A. Gaytan, Jr.
Wells Fargo Bank, N.A.
Corporate, Municipal and Escrow Services
MAC T5656-013
PO Box 2019 (78768)
400 West 15th St., Suite 150
Austin, Texas 78701
512-344-7306 (Office)
512-355-8621 (Fax)
Jose.A.Gaytan@wellsfargo.com

Kevin J. Ward
Executive Administrator
Texas Water Development Board
1700 North Congress Avenue
Austin, Texas 78701

SECTION 14: CHOICE OF LAW. This Agreement shall be governed exclusively by the applicable laws of the State of Texas. Should a controversy arise, either party hereto may introduce the dispute into the Travis County District Court for adjudication thereof.

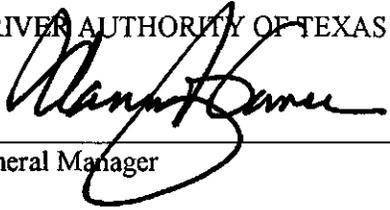
SECTION 15: ASSIGNABILITY. This Agreement shall not be assignable by the parties hereto, in whole or in part, and any attempted assignment shall be void and of no force and effect.

SECTION 16: ENTIRE AGREEMENT. This Agreement evidences the entire Escrow Agreement between the Escrow Agent and the Authority and supersedes any other agreements, whether oral or written, between the parties regarding the funds or the escrow account.

SECTION 17: VALIDITY OF PROVISIONS. If any term, covenant, condition or provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

TRINITY RIVER AUTHORITY OF TEXAS

By: 
General Manager

Address:
5300 S. Collins
Arlington, Texas 76018

ATTEST:

By: 
Secretary, Board of Directors

WELLS FARGO BANK, N.A.
as Escrow Agent

By: 
Title: VICE PRESIDENT



Wells Fargo Bank
Corporate Trust Services
400 West 15th Street, Suite 150
MAC T5656-013
Austin, TX 78701

EXHIBIT A

Greg L. Stites
Vice President/Business Development
Tel: 512-344-8640
Fax: 512-344-8621
Greg.L.Stites@wellsfargo.com



Fee Schedule to act as Escrow Agent for

Trinity River Authority of Texas Regional Wastewater Treatment System Revenue Bonds, Series 2010 (TWDB) Escrow Account

Acceptance Fee: WAIVED

Initial Fees as they relate to Wells Fargo Bank acting in the capacity of Escrow Agent – includes review of the Escrow Agreement; acceptance of the Escrow appointment; setting up of Escrow Account(s) and accounting records; and coordination of receipt of funds for deposit to the Escrow Account(s). The Acceptance Fee is payable at time of Escrow Agreement execution.

Escrow Agent Annual Administration Fee: Waived

For ordinary administrative services by Escrow Agent assuming funds are invested in the Wells Fargo Advantage Money Market Funds– includes daily routine account management; investment transactions; cash transaction processing (including wire and check processing); monitoring claim notices pursuant to the agreement; disbursement of funds in accordance with the agreement; and mailing of trust account statements to all applicable parties. Float credit received by the bank for receiving funds that remain un-invested are deemed part of the Escrow Agent's compensation. If account funds are invested in an alternative investment (i.e. other than WF Advantage Money Market Funds) there will be an annual fee charged of \$500 per escrow. Tax reporting is included for up to Two (2) entities. In the event additional reporting is necessary, a \$25 per reporting charge will be assessed.

This fee is payable in advance, with the first year fee due upon opening of the account. The Annual Fee covers a full year or any part thereof, and therefore will not be prorated or refunded in the year of early termination.

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

- Number of Escrow Accounts to be established: One (1)
- Number of Deposits to Escrow Account: Estimated One (1)
- Number of Withdrawals from Escrow Fund: Estimated One (1) per month
- Term of Escrow: Unknown
- **APPOINTMENT SUBJECT TO RECEIPT OF REQUESTED DUE DILIGENCE INFORMATION AS PER THE USA PATRIOT ACT**
- **THIS PROPOSAL ASSUMES THAT BALANCES IN THE ACCOUNT WILL BE INVESTED IN MONEY MARKET FUNDS**
- **ALL FUNDS WILL BE RECEIVED FROM OR DISTRIBUTED TO A DOMESTIC OR AN APPROVED FOREIGN ENTITY**
- **IF THE ACCOUNT(S) DOES NOT OPEN WITHIN THREE (3) MONTHS OF THE DATE SHOWN BELOW, THIS PROPOSAL WILL BE DEEMED TO BE NULL AND VOID**

Out-of-Pocket Expenses At cost

We will charge for out-of-pocket expenses in response to specific tasks assigned by the client or provided for in the escrow agreement. Possible expenses would be, but are not limited to, express mail and messenger charges, travel expenses to attend closing or other meetings. There are no charges for indirect out-of-pocket expenses.

This fee schedule is based upon the assumptions listed above which pertain to the responsibilities and risks involved in Wells Fargo undertaking the role of Escrow Agent. These assumptions are based on information provided to us as of the date of this fee schedule. Our fee schedule is subject to review and acceptance of the final documents. Should any of the assumptions, duties or responsibilities change, we reserve the right to affirm, modify or rescind our fee schedule. Extraordinary services (services other than the ordinary administration services of Escrow Agent described above) are not included in the annual administration fee and will be billed as incurred at the rates in effect from time to time.

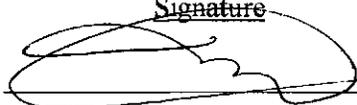
TAB 7

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

I, the undersigned, DERI WARD, do hereby certify that:

1. I am a duly elected and acting Vice President of Wells Fargo Bank, N.A. (the "Bank"), and I am duly authorized to execute this certificate on its behalf.

2. That certain Escrow Agreement between the Trinity River Authority of Texas and the Bank, dated as of January 1, 2010 (the "Agreement") was duly executed on behalf of the Bank by JOSE A. GAYTAN, who at the time of executing and attesting the same was and is now a duly elected and acting Vice President of the Bank and authorized to execute, attest and deliver the Agreement as evidenced by the resolutions or Bylaws contained in Exhibit "A". The resolutions or Bylaws contained in Exhibit "A" were duly adopted and are in full force and effect as of this date. There follows the names, offices and true and correct signatures of the aforesaid officers:

<u>Name</u>	<u>Office</u>	<u>Signature</u>
JOSE A GAYTAN JR. VICE PRESIDENT		

WITNESS my hand this 12/16/2009.

Name: DERI WARD
Title: VICE PRESIDENT



Wells Fargo Bank, N.A.
Corporate Trust Services

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

I, Ethel Vick, an Assistant Secretary of Wells Fargo Bank, National Association, a national banking association organized under the laws of the United States of America (the "Bank"), hereby certify that:

The following is a true and correct extract from resolutions duly adopted by the Board of Directors of the Bank on November 25, 2003, and that no modification, amendment, rescission or revocation of such resolutions has occurred affecting such extract as of the date of this certificate, and that the resolutions remain in full force and effect on the date hereof:

RESOLVED, that agreements, instruments, or other documents, including amendments and modifications thereto, relating to or affecting the property or business and affairs of the Bank, whether acting for its own account or in a fiduciary or other representative capacity, may be executed in its name by the persons hereinafter authorized;

FURTHER RESOLVED, that for the purposes of these resolutions, "Executive Officer" shall mean any person specifically designated as an Executive Officer of the Bank by resolution of the Board of Directors, and "Signing Officer" shall mean the Chairman of the Board, the President, any Vice Chairman, any Executive Vice President, any Senior Vice President, the Treasurer, any Vice President, any Assistant Vice President, any person whose title includes the word "Officer" (e.g., Commercial Banking Officer, Personal Banking Officer, Trust Officer), or any other person whose title has been or is hereafter designated by the Board of Directors as a title for an officer of the Bank, and such officers are hereby authorized to sign agreements, instruments and other documents on behalf of the Bank in accordance with the signing authorities conferred in Parts A, B and C of these resolutions;

A. Executive Officers

FURTHER RESOLVED, that the Chairman, the President, any Vice Chairman, any Executive Vice President and any Executive Officer of the Bank, acting alone, may execute agreements, guaranties, instruments or other documents which such officer may deem necessary, proper or expedient to the conduct of the business of the Bank;

B. Vice Presidents and Above

FURTHER RESOLVED, that the Chairman, the President, any Vice Chairman, any Executive Vice President, any Senior Vice President and any Vice President, acting alone, may execute on behalf of the Bank:

Deeds, leases, assignments, bills of sale, purchase agreements and other instruments of conveyance to purchase, sell, lease or sublease to or from a third party real property, or any interest therein, for the Bank's own account; provided, however, that such agreements, instruments and other documents may also be signed as hereinafter provided with respect to real property acquired by the Bank in connection with collateral for a loan.

Bonds of indemnity and powers of attorney; provided, however, that proxies to vote stock in a corporation or to vote other interests in other legal entities and stock and bond powers may also be signed as hereinafter provided.

C. Signing Officers

FURTHER RESOLVED, that any Signing Officer, acting alone, may execute on behalf of the Bank, whether acting for its own account or in a fiduciary or other representative capacity:

* * *

Receipts for any funds or other property paid or delivered to the Bank.

Guaranties of signatures, whether appearing as endorsements of bonds, certificates of stock, or other securities, including without limitation medallion guaranties provided in connection with a medallion stamp, or otherwise.

* * *

Agreements and proposals to provide services to or receive services from third parties.

* * *

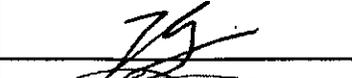
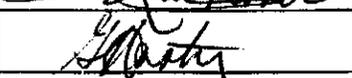
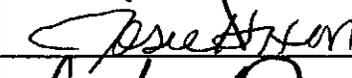
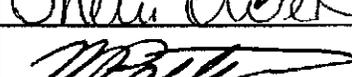
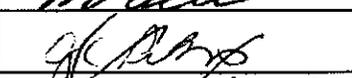
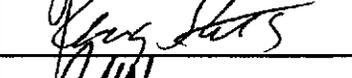
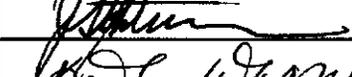
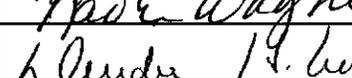
Trust indentures, declarations of trust, trust and agency agreements, pooling and servicing agreements, fiscal and paying agency agreements, acceptances thereof, consents thereto and any similar agreements, however denominated, to which the Bank is a party in a fiduciary or other representative capacity; certificates of authentication or other indicia of valid issuance with respect to bonds, notes, debentures and other securities or obligations issued under any indenture, mortgage, trust or other agreement; certificates for securities deposited, interim certificates and other certificates for and on behalf of the Bank as depository or agent; countersignatures of stocks, bonds, notes, debentures, voting trust certificates, participation certificates and other certificates, instruments, obligations or other securities on behalf of the Bank as trustee, fiscal and paying agent, transfer agent, registrar or in another similar capacity; and certificates of cancellation and cremation of stocks, bonds, debentures or other securities.

* * *

FURTHER RESOLVED, that the signature of the Secretary or of any Assistant Secretary of the Bank shall be required to certify any resolution adopted by the Board of Directors of the Bank or any committee thereof, the incumbency, title or signature of any officer of the Bank and any designation of authority under these resolutions or otherwise, and the Secretary or any Assistant Secretary of the Bank may also certify any records or other documents created in the ordinary course of the business of the Bank.

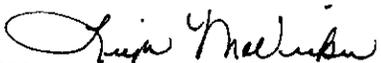
I further certify that on the date below, the following named persons were duly appointed, qualified and acting Signing Officers of Wells Fargo Bank, N.A., that their correct title

and genuine signature appears beside their name, and that on said date they were duly authorized to act on behalf of the Bank as set forth in the foregoing resolution:

Name	Title	Signature
Pamela M. Black	Vice President	
Jose Gaytan	Vice President	
Patrick Giordano	Vice President	
Letha Glover	Vice President	
Greg Hasty	Vice President	
Josie Hixon	Vice President	
Sandra Y. Jones	Assistant Vice President	
Sherri Owen	Vice President	
Nancye C. Patterson	Vice President	
Amy C. Perkins	Vice President	
Greg L. Stites	Vice President	
John C. Stohlmann	Vice President	
Kathleen R. Wagner	Vice President	
Deirdre H. Ward	Vice President	

IN WITNESS WHEREOF, I have hereunto signed my name this

12/16/09


 Assistant Secretary

*** Redacted [Indicates portions of the resolutions have intentionally been omitted because the sections are not relevant to the transaction for which this certification has been requested.]

TAB 8

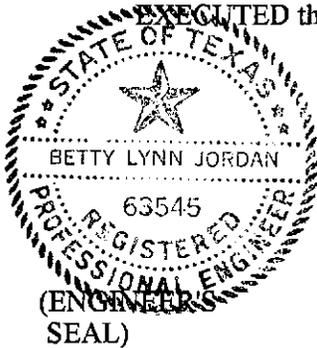
ENGINEER'S CERTIFICATE

Alan Plummer and Associates, Inc., Consulting Engineers, acting by and through the undersigned Registered Professional Engineer of the State of Texas, hereby certifies as follows:

1. That this certificate is executed with reference to the proposed TRINITY RIVER AUTHORITY OF TEXAS REGIONAL WASTEWATER SYSTEM REVENUE BONDS, SERIES 2010, dated January 1, 2010 (the "Bonds"), authorized by Resolution No. R-1289 adopted on December 2, 2009, by the Board of Directors of the Authority (the "Bond Resolution").

2. That, in our opinion, the "Net Revenues" from "Contracts" with the "Contracting Parties", as such terms are defined in the Bond Resolution, will be at least one times the principal and interest requirements for all 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" and "Series 2009 Bonds" (as such terms are defined and described in the Bond Resolution and Certificate of General Manager), and for the proposed Bonds, throughout the period during which said obligations are scheduled to be outstanding.

EXECUTED this 12/17/09.



ALAN PLUMMER AND ASSOCIATES, INC.

By Betty Lynn Jordan
Registered Professional Engineer
of the State of Texas

TAB 9

SIGNATURE IDENTIFICATION AND NO-LITIGATION CERTIFICATE

THE STATE OF TEXAS :
TRINITY RIVER AUTHORITY OF TEXAS :

We, the undersigned, hereby certify as follows:

(a) That this certificate is executed and delivered with reference to that issue of Trinity River Authority of Texas Regional Wastewater System Revenue Bonds, Series 2010, dated January 1, 2010, in the principal amount of \$107,180,000.

(b) That we officially executed and signed said Bonds manually or by causing facsimiles of our manual signatures to be placed on each of said Bonds, and we hereby adopt said facsimile signatures as our own, respectively, and declare that said facsimile signatures constitute our signatures the same as if we had manually signed each of said Bonds.

(c) That said Bonds are substantially in the form, and have been duly executed and signed in the manner, prescribed in the resolution authorizing the issuance of said Bonds.

(d) That at the time we so executed and signed said Bonds we were, and at the time of executing this certificate we are, the duly chosen, qualified and acting officers indicated therein, and authorized to execute same.

(e) That no litigation of any nature has been filed or is now pending to restrain or enjoin the issuance or delivery of said Bonds, or which would affect the provision made for their payment or security, or in any manner questioning the proceedings or authority concerning the issuance of said Bonds, and that so far as we know and believe no such litigation is threatened.

(f) That neither the corporate existence nor boundaries of said issuer is being contested, that no litigation has been filed or is now pending which would affect the authority of the officers of said issuer to issue, execute, and deliver said Bonds, and that no authority or proceedings for the issuance of said Bonds have been repealed, revoked or rescinded.

(g) That we have caused the official seal of said issuer to be impressed or placed in facsimile on each of said Bonds, and said seal on said Bonds has been duly adopted as, and is hereby declared to be, the official seal of said issuer.

(h) The Attorney General of Texas is hereby authorized and directed to date this certificate concurrently with the date of approval of the Bonds. If any litigation or contest should develop pertaining to the Bonds or any other matters covered by this certificate, the undersigned will notify you thereof immediately by telephone. With this assurance the Attorney General can rely on the absence of any such litigation or contest, and on the veracity and currency of this certificate, at the time he approves the Bonds, unless he is notified otherwise as aforesaid.

EXECUTED and delivered this **JAN 21 2010**

MANUAL SIGNATURES

OFFICIAL TITLES

Sheila J. Murphy
Ann S. [unclear]

President, Board of Directors

Secretary, Board of Directors

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

Given under my hand and seal of office this 2nd of Dec., 2009.



Sheila J. Murphy
Notary Public

Typed Name _____

(My Commission Expires _____)

(Notary Seal)

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

TAB 10

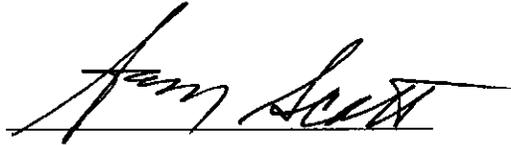
RECEIPT FOR PROCEEDS

THE STATE OF TEXAS :
TRINITY RIVER AUTHORITY OF TEXAS :

The undersigned hereby certifies as follows:

- (a) That this receipt is executed and delivered with reference to
Trinity River Authority of Texas Regional Wastewater System Revenue Bonds, Series
2010, dated January 1, 2010, authorized by a resolution adopted by the Board of
Directors of the Issuer on December 2, 2009 (the "Bonds").
- (b) That the undersigned is duly qualified to receipt for the proceeds of the Bonds on behalf
of the Issuer.
- (c) That the Bonds have been duly delivered to the purchaser thereof.
- (d) That the Bonds have been paid for in full by said purchaser concurrently with the
delivery of this certificate, and the Issuer has received, and hereby acknowledges receipt of, the agreed
purchase price for the Bonds.

EXECUTED and delivered this JAN 21 2010



TAB 11

FEDERAL TAX CERTIFICATE

1. In General.

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

1.2. This Federal Tax Certificate (this "Certificate") is executed for the purpose of establishing the reasonable expectations of the Issuer as to future events regarding the Issuer's Regional Wastewater System Revenue Bonds, Series 2010 (the "Bonds"). The Bonds are being issued pursuant to a resolution of the Issuer (the "Resolution") adopted on December 2, 2009, and a Certificate of General Manager (the "Certificate") executed by the General Manager of the Issuer on the date of sale of the Bonds. The Resolution and the Certificate are incorporated herein by reference.

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

1.4. The undersigned is an officer of the Issuer delegated with the responsibility of issuing and delivering the Bonds.

1.5. The undersigned is not aware of any facts or circumstances that would cause him to question the accuracy of the representations made by First Southwest Company (the "Financial Advisor") in Subsection 5.3 of this Certificate.

2. The Purpose of the Bonds and Useful Lives of Projects.

2.1. The Bonds are being issued pursuant to the Resolution (a) to provide for the payment of costs of issuing the Bonds; (b) to acquire and construct improvements, betterments, extensions and replacements of the Issuer's Regional Wastewater System (the "Projects"); (c) to pay certain capitalized interest on the Bonds; and (d) to deposit funds in the Reserve Fund.

2.2. The Issuer expects that the aggregate useful lives of the Projects exceed 28 years from the later of the date the Projects are placed in service or the date on which the Bonds are issued.

2.3. All earnings, such as interest and dividends, received from the investment of the proceeds of the Bonds during the period of acquisition and construction of the Projects and not used to pay interest on the Bonds, will be used to pay the costs of the Projects, unless required to be rebated and paid to the United States in accordance with section 148(f) of the Internal Revenue Code of 1986 (the "Code"). The proceeds of the Bonds, together with any investment earnings thereon, are expected not to exceed the amount necessary for the governmental purpose of the Bonds. The Issuer expects that no disposition proceeds will arise in connection with the Projects or the Bonds.

3. Expenditure of Bond Proceeds and Use of Projects.

3.1. The Issuer will incur, within six months after the date of issue of the Bonds, a binding obligation to commence the Projects, either by entering into contracts for the construction of the Projects or by entering into contracts for architectural or engineering services for such Projects, or contracts for the development, purchase of construction materials, or purchase of equipment, for the Projects, with the amount

to be paid under such contracts to be in excess of five percent of the proceeds which are estimated to be used for the cost of the Projects.

3.2. After entering into binding obligations, work on such Projects will proceed promptly with due diligence to completion.

3.3. All original proceeds derived from the sale of the Bonds to be applied to the Projects and all investment earnings thereon (other than any amounts required to be rebated to the United States pursuant to section 148(f) of the Code) will be expended for the Projects no later than a date which is three years after the date of issue of the Bonds.

3.4. The Resolution provides that allocations of proceeds to expenditures for the Projects are expected not to be later than 18 months after the later of the date of the expenditure or the date that the Projects are placed in service, but, in any event, not longer than 60 days after the earlier of five years of the date hereof or the date the Bonds are retired.

3.5. The Issuer will not invest the proceeds prior to such expenditure in any guaranteed investment contract or other non-purpose investment with a substantially guaranteed yield for a period equal to or greater than four years.

3.6. Other than Contracting Parties, as defined in the Resolution, the Issuer expects that throughout the lesser of the term of the Bonds, or the useful lives of the Projects, the only user of the Projects will be the Issuer or the Issuer's employees and agents. The Issuer will be the manager of the Projects. The Issuer does not expect to enter into long-term sales of output from the Projects, except to the Contracting Parties and other future contracting governmental units or on the basis of generally-applicable and uniformly applied rates. The Issuer may apply different rates for different classes of customers, including volume purchasers, which are reasonable and customary.

3.7. Except as stated below, the Issuer expects not to sell or otherwise dispose of property constituting the Projects prior to the earlier of the end of such property's useful life or the final maturity of the Bonds. The Resolution provides that the Issuer will not sell or otherwise dispose of the Projects unless the Issuer receives an opinion of nationally-recognized bond counsel that such sale or other disposition will not adversely affect the tax-exempt status of the Bonds.

3.8. For purposes of Subsection 3.7 hereof, the Issuer has not included the portion of the Projects comprised of personal property that is disposed in the ordinary course at a price that is expected to be less than 25 percent of the original purchase price. The Issuer, upon any disposition of such property, will transfer the receipts from the disposition of such property to the general operating fund and expend such receipts within six months for other governmental programs.

4. Interest and Sinking Fund.

4.1. A separate and special Interest and Sinking Fund has been created and established, other than as described herein, solely to pay the principal of and interest on the Bonds (the "Bona Fide Debt Service Portion"). The Bona Fide Debt Service Portion constitutes a fund that is used primarily to achieve a proper matching of revenues and debt service within each bond year. Such portion will be completely depleted at least once each year except for an amount not in excess of the greater of (a) one-twelfth of the debt service on the

Bonds for the previous year, or (b) the previous year's earnings on such portion of the Interest and Sinking Fund. Amounts deposited in the Interest and Sinking Fund constituting the Bona Fide Debt Service Portion will be spent within a thirteen-month period beginning on the date of deposit, and any amount received from the investment of money held in the Interest and Sinking Fund will be spent within a one-year period beginning on the date of receipt.

4.2. Any money deposited in the Interest and Sinking Fund and any amounts received from the investment thereof that accumulate and remain on hand therein after thirteen months from the date of deposit of any such money or one year after the receipt of any such amounts from the investment thereof shall constitute a separate portion of the Interest and Sinking Fund. The yield on any investments allocable to the portion of the Interest and Sinking Fund exceeding the sum of (a) the Bona Fide Debt Service Portion and (b) an amount equal to the lesser of five percent of the sale and investment proceeds of the Bonds or \$100,000 will be restricted to a yield that does not exceed the yield on the Bonds.

5. Reserve Fund.

5.1. Funds on deposit in the Reserve Fund created by the Resolution are held in trust for the benefit of the holders of the Bonds. If on any interest payment or maturity date, the Interest and Sinking Fund does not contain an amount sufficient to make debt service payments on the Bonds, the Issuer is required to transfer money from the Reserve Fund to the Interest and Sinking Fund in an amount sufficient to make such payments.

5.2. The present value of the investments deposited to the Reserve Fund and allocable to the Bonds that will be invested at a yield higher than the yield on the Bonds will not, as of any date, exceed an aggregate amount which equals the lesser of (a) 10 percent of the stated principal amount (or, in the case of a discount, the issue price) of the Bonds, (b) 1.25 of the average annual debt service on the Bonds, or (c) maximum annual debt service on the Bonds.

5.3. Based on the recommendation of the Financial Advisor to the Issuer, the amount deposited to the Reserve Fund, if any, does not exceed that amount which is reasonably prudent to be maintained to secure the timely payment of debt service in the event of periodic fluctuations in revenues of the Issuer. Amounts deposited in the Reserve Fund from proceeds received from the sale of the Bonds do not exceed 10 per cent of the issue price of the Bonds.

6. Revenue Fund.

6.1. The Resolution creates a Revenue Fund into which certain revenues of the Issuer are deposited. Amounts on deposit in the Revenue Fund are transferred and used in the manner required by the Resolution.

6.2. Other than moneys in the Revenue Fund that are transferred to the Interest and Sinking Fund and Reserve Fund, the moneys in the Revenue Fund are reasonably expected not to be used to pay the principal of and interest on the Bonds. There will be no assurance that such moneys will be available to meet debt service if the Issuer encounters financial difficulty. Amounts in the Revenue Fund will be invested without yield restriction.

7. Contingency Fund.

7.1. The Resolution creates a Contingency Fund which will be used solely for the purposes described in the Resolution.

7.2. Other than moneys in the Contingency Fund, if any, that are transferred to the Interest and Sinking Fund, the moneys in the Contingency Fund are reasonably expected not to be used to pay the principal of and interest on the Bonds. There will be no assurance that such amounts will be available to meet debt services if the Issuer encounters financial difficulty. Amounts in the Contingency Fund will be invested without yield restriction.

8. Invested Sinking Fund Proceeds, Replacement Proceeds.

8.1. The Issuer has, in addition to the moneys received from the sale of the Bonds, certain other moneys that are invested in various funds which are pledged for various purposes. These other funds are not available to accomplish the purposes described in Section 2 of this Certificate.

8.2. Other than the Interest and Sinking Fund and the Reserve Fund, there are, and will be, no other funds or accounts established, or to be established, by or on behalf of the Issuer (a) which are reasonably expected to be used, or to generate earnings to be used, to pay debt service on the Bonds, or (b) which are reserved or pledged as collateral for payment of debt service on the Bonds and for which there is reasonable assurance that amounts therein will be available to pay such debt service if the Issuer encounters financial difficulties. Accordingly, there are no other amounts constituting "gross proceeds" of the Bonds, within the meaning of section 148 of the Code.

9. Yield.

The Bonds are being purchased by the Texas Water Development Board at a purchase price of 98.15 percent of the stated principal amount thereof.

10. Other Obligations.

There are no other obligations of the Issuer that (a) are sold at substantially the same time as the Bonds, i.e., within 15 days of the date of sale of the Bonds, (b) are sold pursuant to a common plan of financing with the Bonds, and (c) will be payable from the same source of funds as the Bonds.

11. Federal Tax Audit Responsibilities.

The Issuer acknowledges that in the event of an examination by the Internal Revenue Service (the "Service") to determine compliance of the Bonds with the provisions of the Code as they relate to tax-exempt obligations, the Issuer will respond, and will direct its agents and assigns to respond, in a commercially reasonable manner to any inquiries from the Service in connection with such an examination. The Issuer understands and agrees that the examination may be subject to public disclosure under applicable Texas law.

12. Record Retention.

The Issuer has covenanted in the Resolution that it will comply with the requirements of the Code relating to the exclusion of the interest on the Bonds under section 103 of the Code. The Service has determined that certain materials, records and information should be retained by the issuers of tax-exempt obligations for the purpose of enabling the Service to confirm the exclusion of the interest on such obligations under section 103 of the Code. **ACCORDINGLY, THE ISSUER SHALL TAKE STEPS TO ENSURE THAT ALL MATERIALS, RECORDS AND INFORMATION NECESSARY TO CONFIRM THE EXCLUSION OF THE INTEREST ON THE BONDS UNDER SECTION 103 OF THE CODE ARE RETAINED FOR THE PERIOD BEGINNING ON THE ISSUE DATE OF THE BONDS AND ENDING THREE YEARS AFTER THE DATE THE BONDS ARE RETIRED.** The Issuer acknowledges receipt of the letter attached hereto as Exhibit "B" which, in part, discusses specific guidance by the Service with respect to the retention of records relating to tax-exempt bond transaction. The Issuer also acknowledges that the letter does not constitute an opinion of Bond Counsel as to the proper record retention policy applicable to any specific transaction.

13. Rebate to United States.

The Issuer has covenanted in the Resolution that it will comply with the requirements of the Code, including section 148(f) of the Code, relating to the required rebate to the United States. Specifically, the Issuer will take steps to ensure that all earnings on gross proceeds of the Bonds in excess of the yield on the Bonds required to be rebated to the United States will be timely paid to the United States. The Issuer acknowledges receipt of the memorandum attached hereto as Exhibit "A" which discusses regulations promulgated pursuant to section 148(f) of the Code. This memorandum does not constitute an opinion of Bond Counsel as to the proper federal tax or accounting treatment of any specific transaction.

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DATED as of JAN 21 2010.

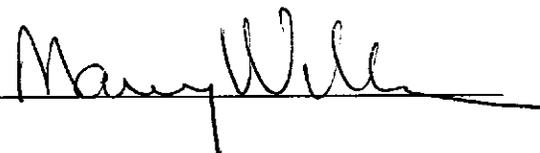
TRINITY RIVER AUTHORITY OF TEXAS

By: 
General Manager

Trinity River Authority of Texas Regional Wastewater System Revenue Bonds, Series 2010

The undersigned represents that, to the best of the undersigned's knowledge, information and belief, the representations contained in Subsection 5.3 of this Federal Tax Certificate are accurate.

FIRST SOUTHWEST COMPANY

By: 

Trinity River Authority of Texas Regional Wastewater System Revenue Bonds, Series 2010

Exhibit "A"

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

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

717 NORTH HARWOOD
NINTH FLOOR
DALLAS, TEXAS 75201-8687
TELEPHONE: (214) 754-9200
FACSIMILE: (214) 754-9250

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

January 1, 2006

ARBITRAGE REBATE REGULATIONS[©]

The arbitrage rebate requirements set forth in section 148(f) of the Internal Revenue Code of 1986 (the "Code") generally provide that in order for interest on any issue of bonds¹ to be excluded from gross income (i.e., tax-exempt) the issuer must rebate to the United States the sum of, (1) the excess of the amount earned on all "nonpurpose investments" acquired with "gross proceeds" of the issue over the amount which would have been earned if such investments had been invested at a yield equal to the yield on the issue, and (2) the earnings on such excess earnings.

On June 18, 1993, the U.S. Treasury Department promulgated regulations relating to the computation of arbitrage rebate and the rebate exceptions. These regulations, which replace the previously-published regulations promulgated on May 15, 1989, and on May 18, 1992, are effective for bonds issued after June 30, 1993. This memorandum was prepared by McCall, Parkhurst & Horton L.L.P. and provides a general discussion of these arbitrage rebate regulations. This memorandum does not otherwise discuss the general arbitrage regulations, other than as they may incidentally relate to rebate. This memorandum also does not attempt to provide an exhaustive discussion of the arbitrage rebate regulations and should not be considered advice with respect to the arbitrage rebate requirements as applied to any individual or governmental unit or any specific transaction. Any tax advice contained in this memorandum is of a general nature and is not intended to be used, and should not be used, by any person to avoid penalties under the Code.

McCall, Parkhurst & Horton L.L.P. remains available to provide legal advice to issuers with respect to the provisions of these tax regulations but recommends that issuers seek competent financial and accounting assistance in calculating the amount of such issuer's rebate liability under section 148(f) of the Code and in making elections to apply the rebate exceptions.

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

Effective Dates

The regulations promulgated on June 18, 1993, generally apply to bonds delivered after June 30, 1993, although they do permit an issuer to elect to apply the rules to bonds issued prior to that date. The temporary regulations adopted by the U.S. Treasury Department in 1989 and 1992 incorporated the same effective dates which generally apply for purposes of section 148(f) of the Code. As such, the previous versions of the rebate regulations generally applied to bonds issued between August 1986 and June 30, 1993 (or, with an election, to bonds issued prior to August 15, 1993). The statutory provisions of section 148(f) of the Code, other than the exception for construction issues, apply to all bonds issued after August 15, 1986, (for private activity bonds) and August 31, 1986, (for governmental public purpose bonds). The statutory exception to rebate applicable for construction issues generally applies if such issue is delivered after December 19, 1989.

The regulations provide numerous transitional rules for bonds sold prior to July 1, 1993. Moreover, since, under prior law, rules were previously published with respect to industrial development bonds and mortgage revenue bonds, the transitional rules contained in these regulations permit an issuer to elect to apply certain of these rules for computing rebate on pre-1986 bonds. The regulations provide for numerous elections which would permit an issuer to apply the rules (other than 18-month spending exception) to bonds which were issued prior to July 1, 1993 and remain outstanding on June 30, 1993. Due to the complexity of the regulations, it is impossible to discuss in this memorandum all circumstances for which specific elections are provided. If an issuer prefers to use these final version of rebate regulations in lieu of the computational method stated under prior law (e.g., due to prior redemption) or the regulations, please contact McCall, Parkhurst & Horton L.L.P. for advice as to the availability of such options.

Future Value Computation Method

The regulations employ an actuarial method for computing the rebate amount based on the future value of the investment receipts (i.e., earnings) and payments. The rebate method employs a two-step computation to determine the amount of the rebate payment. First, the issuer determines the bond yield. Second, the issuer determines the arbitrage rebate amount. The regulations require that the computations be made at the end of each five-year period and upon final maturity of the issue (the "computation dates"). **THE FINAL MATURITY DATE WILL ACCELERATE IN CIRCUMSTANCES IN WHICH THE BONDS ARE OPTIONALLY REDEEMED PRIOR TO MATURITY. AS SUCH, IF BONDS ARE REFUNDED OR OTHERWISE REDEEMED, THE REBATE MAY BE DUE EARLIER THAN INITIALLY PROJECTED.** In order to accommodate accurate record-keeping and to assure that sufficient amounts will be available for the payment of arbitrage rebate liability, however, we recommend that the computations be performed at least annually. Please refer to other materials provided by McCall, Parkhurst & Horton L.L.P. relating to federal tax rules regarding record retention.

Under the future value method, the amount of rebate is determined by compounding the aggregate earnings on all the investments from the date of receipt by the issuer to the computation date. Similarly, a payment for an investment is future valued from the date that the payment is made to the computation date. The receipts and payments are future valued at a discount rate equal to the yield on the bonds. The rebatable arbitrage, as of any

computation date, is equal to the excess of the (1) future value of all receipts from investments (i.e., earnings), over (2) the future value of all payments.

The following example is provided in the regulations to illustrate how arbitrage rebate is computed under the future value method for a fixed-yield bond:

"On January 1, 1994, City A issues a fixed yield issue and invests all the sale proceeds of the issue (\$49 million). There are no other gross proceeds. The issue has a yield of 7.0000 percent per year compounded semiannually (computed on a 30 day month/360 day year basis). City A receives amounts from the investment and immediately expends them for the governmental purpose of the issue as follows:

<u>Date</u>	<u>Amount</u>
2/1/1994	\$ 3,000,000
4/1/1994	5,000,000
6/1/1994	14,000,000
9/1/1994	20,000,000
7/1/1995	10,000,000

City A selects a bond year ending on January 1, and thus the first required computation date is January 1, 1999. The rebate amount as of this date is computed by determining the future value of the receipts and the payments for the investment. The compounding interval is each 6-month (or shorter) period and the 30 day month/360 day year basis is used because these conventions were used to compute yield on the issue. The future value of these amounts, plus the computation credit, as of January 1, 1999, is:

<u>Date</u>	<u>Receipts (Payments)</u>	<u>FY (7.0000 percent)</u>
01/1/1994	(\$49,000,000)	(\$69,119,339)
02/1/1994	3,000,000	4,207,602
04/1/1994	5,000,000	6,932,715
06/1/1994	14,000,000	19,190,277
09/1/1994	20,000,000	26,947,162
01/1/1995	(1,000)	(1,317)
07/1/1995	10,000,000	12,722,793
01/1/1996	(1,000)	<u>(1,229)</u>
Rebate amount (01/01/1999)		<u>\$878,664"</u>

General Method for Computing Yield on Bonds

In general, the term "yield," with respect to a bond, means the discount rate that when used in computing the present value of all unconditionally due payments of principal and interest and all of the payments for a qualified guarantee produces an amount equal to the issue price of the bond. The term "issue price" has the same meaning as provided in sections

1273 and 1274 of the Code. That is, if bonds are publicly offered (i.e., sold by the issuer to a bond house, broker or similar person acting in the capacity of underwriter or wholesaler), the issue price of each bond is determined on the basis of the initial offering price to the public (not to the aforementioned intermediaries) at which price a substantial amount of such bond was sold to the public (not to the aforementioned intermediaries). The "issue price" is separately determined for each bond (i.e., maturity) comprising an issue.

The regulations also provide varying periods for computing yield on the bonds depending on the method by which the interest payment is determined. Thus, for example, yield on an issue of bonds sold with variable interest rates (i.e., interest rates which are reset periodically based on changes in market) is computed separately for each annual period ending on the first anniversary of the delivery date that the issue is outstanding. In effect, yield on a variable yield issue is determined on each computation date by "looking back" at the interest payments for such period. The regulations, however, permit an issuer of a variable-yield issue to elect to compute the yield for annual periods ending on any date in order to permit a matching of such yield to the expenditure of the proceeds. Any such election must be made in writing, is irrevocable, and must be made no later than the earlier of (1) the fifth anniversary date, or (2) the final maturity date.

Yield on a fixed interest rate issue (i.e., an issue of bonds the interest rate on which is determined as of the date of the issue) is computed over the entire term of the issue. Issuers of fixed-yield issues generally use the yield computed as of the date of issue for all rebate computations. Such yield on fixed-yield issues generally is recomputed only if (1) the issue is sold at a substantial premium, may be retired within five years of the date of delivery, and such date is earlier than its scheduled maturity date, or (2) the issue is a stepped-coupon bond. In such cases, the regulations require the issuer to recompute the yield on such issues by taking into account the early retirement value of the bonds. Similarly, recomputation may occur in circumstances in which the issuer or bondholder modify or waive certain terms of, or rights with respect to, the issue or in sophisticated hedging transactions. **IN SUCH CIRCUMSTANCES, ISSUERS ARE ADVISED TO CONSULT McCALL, PARKHURST & HORTON L.L.P. TO ADDRESS THE FEDERAL INCOME TAX CONSEQUENCES OF THESE TRANSACTIONS.**

For purposes of determining the principal or redemption payments on a bond, different rules are used for fixed-rate and variable-rate bonds. The payment is computed separately on each maturity of bonds rather than on the issue as a whole. In certain circumstances, the yield on the bond is determined by assuming that principal on the bond is paid as scheduled and that the bond is retired on the final maturity date for the stated retirement price. For bonds subject to early redemption or stepped-coupon bonds, described above, or for bonds subject to mandatory early redemption, the yield is computed assuming the bonds are paid on the early redemption date for an amount equal to their value.

Premiums paid to guarantee the payment of debt service on bonds are taken into account in computing the yield on the bond. Payments for guarantees are taken into account by treating such premiums as the payment of interest on the bonds. This treatment, in effect, raises the yield on the bond, thereby permitting the issuer to recover such fee with excess earnings.

The guarantee must be an unconditional obligation of the guarantor enforceable by the bondholder for the payment of principal or interest on the bond or the tender price of a tender bond. The guarantee may be in the form of an insurance policy, surety bond, irrevocable letter or line of credit, or standby purchase agreement. Importantly, the guarantor must be legally entitled to full reimbursement for any payment made on the guarantee either immediately or upon commercially reasonable repayment terms. The guarantor may not be a co-obligor of the bonds or a user of more than 10 percent of the proceeds of the bonds.

Payments for the guarantee may not exceed a reasonable charge for the transfer of credit risk. This reasonable charge requirement is not satisfied unless it is reasonably expected that the guarantee will result in a net present value savings on the bond (i.e., the premium does not exceed the present value of the interest savings resulting by virtue of the guarantee). If the guarantee is entered into after June 14, 1989, then any fees charged for the nonguarantee services must be separately stated or the guarantee fee is not recoverable.

The regulations also treat certain "hedging" transactions in a manner similar to qualified guarantees. "Hedges" are contracts, e.g., interest rate swaps, futures contracts or options, which are intended to reduce the risk of interest rate fluctuations. Hedges and other financial derivatives are sophisticated and ever-evolving financial products with which a memorandum, such as this, can not readily deal. **IN SUCH CIRCUMSTANCES, ISSUERS ARE ADVISED TO CONSULT McCALL, PARKHURST & HORTON L.L.P. TO ADDRESS THE FEDERAL INCOME TAX CONSEQUENCES OF THESE TRANSACTIONS.**

Earnings on Nonpurpose Investments

The arbitrage rebate provisions apply only to the receipts from the investment of "gross proceeds" in "nonpurpose investments." For this purpose, nonpurpose investments are stock, bonds or other obligations acquired with the gross proceeds of the bonds for the period prior to the expenditure of the gross proceeds for the ultimate purpose. For example, investments deposited to construction funds, reserve funds (including surplus taxes or revenues deposited to sinking funds) or other similar funds are nonpurpose investments. Such investments include only those which are acquired with "gross proceeds." For this purpose, the term "gross proceeds" includes original proceeds received from the sale of the bonds, investment earnings from the investment of such original proceeds, amounts pledged to the payment of debt service on the bonds or amounts actually used to pay debt service on the bonds. The regulations do not provide a sufficient amount of guidance to include an exhaustive list of "gross proceeds" for this purpose; however, it can be assumed that "gross proceeds" represent all amounts received from the sale of bonds, amounts earned as a result of such sale or amounts (including taxes and revenues) which are used to pay, or secure the payment of, debt service for the bonds. The total amount of "gross proceeds" allocated to a bond generally can not exceed the outstanding principal amount of the bonds.

The regulations provide that an investment is allocated to an issue for the period (1) that begins on the date gross proceeds are used to acquire the investment, and (2) that ends on the date such investment ceases to be allocated to the issue. In general, proceeds are allocated to a bond issue until expended for the ultimate purpose for which the bond was issued or for which such proceeds are received (e.g., construction of a bond-financed facility or payment of debt service on the bonds). Deposit of gross proceeds to the general fund of the

issuer (or other fund in which they are commingled with revenues or taxes) does not eliminate or ameliorate the issuer's obligation to compute rebate in most cases. As such, proceeds commingled with the general revenues of the issuer are not "freed-up" from the rebate obligation. An exception to this commingling limitation for bonds, other than private activity bonds, permits "investment earnings" (but not sale proceeds or other types of gross proceeds) to be considered spent when deposited to a commingled fund if those amounts are reasonably expected to be spent within six months. Other than for these amounts, issuers may consider segregating investments in order to more easily compute the amount of such arbitrage earnings by not having to allocate investments.

Special rules are provided for purposes of advance refundings. These rules are too complex to discuss in this memorandum. Essentially, the rules relating to refundings, however, do not require that amounts deposited to the escrow fund to defease the prior obligations of the issuer be subject to arbitrage rebate to the extent that the investments deposited to the escrow fund do not have a yield in excess of the yield on the bonds. Any loss resulting from the investment of proceeds in an escrow fund below the yield on the bonds, however, may be recovered by combining those investments with investments deposited to other funds, e.g., reserve or construction funds.

The arbitrage regulations also provide an exception to the arbitrage limitations for the investment of bond proceeds in tax-exempt obligations. As such, investment of proceeds in tax exempt bonds eliminates the issuer's rebate obligation. A caveat; this exception does not apply to gross proceeds derived allocable to a bond, which is not subject to the alternative minimum tax under section 57(a)(5) of the Code, if invested in tax-exempt bonds subject to the alternative minimum tax, i.e., "private activity bonds." Such "AMT-subject" investment is treated as a taxable investment and must comply with the arbitrage rules, including rebate. Earnings from these tax-exempt investments are subject to arbitrage restrictions, including rebate.

Similarly, the investment of gross proceeds in certain tax-exempt mutual funds are treated as a direct investment in the tax-exempt obligations deposited in such fund. While issuers may invest in such funds for purposes of avoiding arbitrage rebate, they should be aware that if "private activity bonds" are included in the fund then a portion of the earnings will be subject to arbitrage rebate. Issuers should be prudent in assuring that the funds do not contain private activity bonds.

The arbitrage regulations provide a number of instances in which earnings will be imputed to nonpurpose investments. Receipts generally will be imputed to investments that do not bear interest at an arm's-length (i.e., market) interest rate. As such, the regulations adopt a "market price" rule. In effect, this rule prohibits an issuer from investing bond proceeds in investments at a price which is higher than the market price of comparable obligations, in order to reduce the yield. Special rules are included for determining the market price for investment contracts, certificates of deposit and certain U.S. Treasury obligations. For example, to establish the fair market value of investment contracts a bidding process between three qualified bidders must be used. The fair market value of certificates of deposit which bear a fixed interest rate and are subject to an early withdrawal penalty is its purchase price if that price is not less than the yield on comparable U.S. Treasury obligations and is the highest yield available from the institution. In any event, a basic "common sense" rule-of-thumb that can be used to determine whether a fair market value has been paid is to ask whether the general

funds of the issuer would be invested at the same yield or at a higher yield. An exception to this market price rule is available for United States Treasury Obligations - State or Local Government Series in which case the purchase price is always the market price.

Reimbursement and Working Capital

The regulations provide rules for purposes of determining whether gross proceeds are used for working capital and, if so, at what times those proceeds are considered spent. In general, working capital financings are subject to many of the same rules that have existed since the mid-1970s. For example, the regulations generally continue the 13-month temporary period. By adopting a "proceeds-spent-last" rule, the regulations also generally require that an issuer actually incur a deficit (i.e., expenditures must exceed receipts) for the computation period (which generally corresponds to the issuer's fiscal year). Also, the regulations continue to permit an operating reserve, but unlike prior regulations the amount of such reserve may not exceed five percent of the issuer's actual working capital expenditures for the prior fiscal year. Another change made by the regulations is that the issuer may not finance the operating reserve with proceeds of a tax-exempt obligation.

Importantly, the regulations contain rules for determining whether proceeds used to reimburse an issuer for costs paid prior to the date of issue of the obligation, in fact, are considered spent at the time of reimbursement. These rules apply to an issuer who uses general revenues for the payment of all or a portion of the costs of a project then uses the proceeds of the bonds to reimburse those general revenues. Failure to comply with these rules would result in the proceeds continuing to be subject to federal income tax restrictions, including rebate.

To qualify for reimbursement, a cost must be described in an expression (e.g., resolution, legislative authorization) evidencing the issuer's intent to reimburse which is made no later than 60 days after the payment of the cost. Reimbursement must occur no later than 18 months after the later of (1) the date the cost is paid or (2) the date the project is placed in service. Except for projects requiring an extended construction period or small issuers, in no event can a cost be reimbursed more than three years after the cost is paid.

Reimbursement generally is not permitted for working capital; only capital costs, grants and loans may be reimbursed. Moreover, certain anti-abuse rules apply to prevent issuers from avoiding the limitations on refundings. IN CASES INVOLVING WORKING CAPITAL OR REIMBURSEMENT, ISSUERS ARE ADVISED TO CONTACT McCALL, PARKHURST & HORTON L.L.P. TO ADDRESS THE FEDERAL INCOME TAX CONSEQUENCES OF THE TRANSACTION.

Rebate Payments

Rebate payments generally are due 60 days after each installment computation date. The interim computation dates occur each fifth anniversary of the issue date. The final computation date is on the latest of (1) the date 60 days after the date the issue of bonds is no longer outstanding, (2) the date eight months after the date of issue for certain short-term obligations (i.e., obligations retired within three years), or (3) the date the issuer no longer reasonably expects any spending exception, discussed below, to apply to the issue. On such

payment dates, other than the final payment date, an issuer is required to pay 90 percent of the rebatable arbitrage to the United States. On the final payment date, an issuer is required to pay 100 percent of the remaining rebate liability.

Failure to timely pay rebate does not necessarily result in the loss of tax-exemption. Late payments, however, are subject to the payment of interest, and unless waived, a penalty of 50 percent (or, in the case of private activity bonds, other than qualified 501(c)(3) bonds, 100 percent) of the rebate amount which is due. IN SUCH CIRCUMSTANCES, ISSUERS ARE ADVISED TO CONSULT McCALL, PARKHURST & HORTON L.L.P. TO ADDRESS THE FEDERAL INCOME TAX CONSEQUENCES OF THESE TRANSACTIONS.

Rebate payments are refundable. The issuer, however, must establish to the satisfaction of the Commissioner of the Internal Revenue Service that the issuer paid an amount in excess of the rebate and that the recovery of the overpayment on that date would not result in additional rebatable arbitrage. An overpayment of less than \$5,000 may not be recovered before the final computation date.

Alternative Penalty Amount

In certain cases, an issuer of a bond the proceeds of which are to be used for construction may elect to pay a penalty, in lieu of rebate. The penalty may be elected in circumstances in which the issuer expects to satisfy the two-year spending exception which is more fully described under the heading "Exceptions to Rebate." The penalty is payable, if at all, within 60 days after the end of each six-month period. This is more often than rebate. The election of the alternative penalty amount would subject an issuer, which fails the two-year spend-out requirements, to the payment of a penalty equal to one and one-half of the excess of the amount of proceeds which was required to be spent during that period over the amount which was actually spent during the period.

The penalty has characteristics which distinguish it from arbitrage rebate. First, the penalty would be payable without regard to whether any arbitrage profit is actually earned. Second, the penalty continues to accrue until either (1) the appropriate amount is expended or (2) the issuer elects to terminate the penalty. To be able to terminate the penalty, the issuer must meet specific requirements and, in some instances, must pay an additional penalty equal to three percent of the unexpended proceeds.

Exceptions to Rebate

The Code and regulations provide certain exceptions to the requirement that the excess investment earnings be rebated to the United States.

a. *Small Issuers.* The first exception provides that if an issuer (together with all subordinate issuers) during a calendar year does not issue tax-exempt bonds² in an aggregate

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

face amount exceeding \$5 million, then the obligations are not subject to rebate. *Only issuers with general taxing powers may take advantage of this exception.* Subordinate issuers are those issuers which derive their authority to issue bonds from the same issuer, e.g., a city and a health facilities development corporation, or which are controlled by the same issuer, e.g., a state and the board of a public university. In the case of bonds issued for public school capital expenditures, the \$5 million cap may be increased to as much as \$15 million. For purposes of measuring whether bonds in the calendar year exceed these dollar limits, current refunding bonds can be disregarded if they meet certain structural requirements. Please contact McCall, Parkhurst & Horton L.L.P. for further information.

b. Spending Exceptions.

Six-Month Exception. The second exception to the rebate requirement is available to all tax-exempt bonds, all of the gross proceeds of which are expended during six months. The six month rule is available to bonds issued after the effective date of the Tax Reform Act of 1986. See the discussion of effective dates on page two. For this purpose, proceeds used for the redemption of bonds (other than proceeds of a refunding bond deposited to an escrow fund to discharge refunded bonds) can not be taken into account as expended. As such, bonds with excess gross proceeds generally can not satisfy the second exception unless the amount does not exceed the lesser of five percent or \$100,000 and such de minimis amount must be expended within one year.

Certain gross proceeds are not subject to the spend-out requirement, including amounts deposited to a bona fide debt service fund, to a reserve fund and amounts which become gross proceeds received from purpose investments. These amounts themselves, however, may be subject to rebate even though the originally expended proceeds were not. The Code provides a special rule for tax and revenue anticipation notes (i.e., obligations issued to pay operating expenses in anticipation of the receipt of taxes and other revenues). Such notes are referred to as TRANs. To determine the timely expenditure of the proceeds of a TRAN, the computation of the "cumulative cash flow deficit" is important. If the "cumulative cash flow deficit" (i.e., the point at which the operating expenditures of the issuer on a cumulative basis exceed the revenues of the issuer during the fiscal year) occurs within the first six months of the date of issue and must be equal to at least 90 percent of the proceeds of the TRAN, then the notes are deemed to satisfy the exception. This special rule requires, however, that the deficit actually occur, not that the issuer merely have an expectation that the deficit will occur. In lieu of the statutory exception for TRANs, the regulations also provide a second exception. Under this exception, 100 percent of the proceeds must be spent within six months, but before note proceeds can be considered spent, all other available amounts of the issuer must be spent first ("proceeds-spent-last" rule). In determining whether all available amounts are spent, a reasonable working capital reserve equal to five percent of the prior year's expenditures may be set aside and treated as unavailable.

18-Month Exception. The regulations also establish a non-statutory exception to arbitrage rebate if all of the gross proceeds (including investment earnings) are expended within 18 months after the date of issue. Under this exception, 15 percent of the gross proceeds must be expended within a six-month spending period, 60 percent within a 12-month spending period and 100 percent within an 18-month spending period. The rule permits an issuer to rely on its reasonable expectations for computing investment earnings which are included as gross

proceeds during the first and second spending period. A reasonable retainage not to exceed five percent of the sale proceeds of the issue is not required to be spent within the 18-month period but must be expended within 30 months. Rules similar to the six-month exception relate to the definition of gross proceeds.

Two Year Exception. Bonds issued after December 19, 1989 (i.e., the effective date of the Omnibus Reconciliation Act of 1989), at least 75 percent of the net proceeds of which are to be used for construction, may be exempted from rebate if the gross proceeds are spent within two years. Bonds more than 25 percent of the proceeds of which are used for acquisition or working capital may not take advantage of this exception. The exception applies only to governmental bonds, qualified 501(c)(3) bonds and private activity bonds for governmentally-owned airports and docks and wharves. The two-year exception requires that at least 10 percent of the available construction proceeds must be expended within six months after the date of issue, 45 percent within 12 months, 75 percent within 18 months and 100 percent within 24 months. The term "available construction proceeds" generally means sale proceeds of the bonds together with investment earnings less amounts deposited to a qualified reserve fund or used to pay costs of issuance. Under this rule, a reasonable retainage not to exceed five percent need not be spent within 24 months but must be spent within 36 months.

The two-year rule also provides for numerous elections which must be made not later than the date of issuance of the bonds. Once made, the elections are irrevocable. Certain elections permit an issuer to bifurcate bond issues, thereby treating only a portion of the issue as a qualified construction bond; and, permit an issuer to disregard earnings from reserve funds for purposes of determining "available construction proceeds." Another election permits an issuer to pay the alternative penalty amount discussed above in lieu of rebate if the issuer ultimately fails to satisfy the two-year rule. Issuers should discuss these elections with their financial advisors prior to issuance of the bonds. Of course, McCall, Parkhurst & Horton L.L.P. remains available to assist you by providing legal interpretations thereof.

Debt Service Funds. Additionally, an exception to the rebate requirement, whether or not any of the previously discussed exceptions are available, applies for earnings on "bona fide debt service funds." A "bona fide debt service fund" is one in which the amounts are expended within 13 months of the accumulation of such amounts by the issuer. In general, most interest and sinking funds (other than any excess taxes or revenues accumulated therein) satisfy these requirements. For private activity bonds, short term bonds (i.e., have a term of less than five years) or variable rate bonds, the exclusion is available only if the gross earnings in such fund does not exceed \$100,000, for the bond year. For other bonds issued after November 11, 1988, no limitation is applied to the gross earnings on such funds for purposes of this exception. Therefore, subject to the foregoing discussion, the issuer is not required to take such amounts into account for purposes of the computation.

FOR BONDS ISSUED AFTER THE EFFECTIVE DATE OF THE TAX REFORM ACT OF 1986 WHICH WERE OUTSTANDING AS OF NOVEMBER 11, 1988, OTHER THAN PRIVATE ACTIVITY BONDS, SHORT TERM BONDS OR VARIABLE RATE BONDS, A ONE-TIME ELECTION MAY BE MADE TO EXCLUDE EARNINGS ON "BONA FIDE DEBT SERVICE FUNDS" WITHOUT REGARD TO THE \$100,000, LIMITATION. THE ELECTION MUST BE MADE IN WRITING (AND MAINTAINED AS PART OF THE ISSUER'S BOOKS AND

RECORDS) NO LATER THAN THE LATER OF MARCH 21, 1990, OR THE FIRST DATE A REBATE PAYMENT IS REQUIRED.

Conclusion

McCall, Parkhurst & Horton L.L.P. hopes that this memorandum will prove to be useful as a general guide to the arbitrage rebate requirements.

Again, this memorandum is not intended as an exhaustive discussion nor as specific advice with respect to any specific transaction. We advise our clients to seek competent financial and accounting assistance. Of course, we remain available to provide legal advice regarding all federal income tax matters, including arbitrage rebate. If you have any questions, please feel free to contact either Harold T. Flanagan or Faust N. Bowerman at (214) 754-9200.

Exhibit "B"

LAW OFFICES

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[sale date]

Mr. Warren N. Brewer, Jr.
Regional Manager, Northern Region
Trinity River Authority of Texas
P.O. Box 240
Arlington, Texas 76004

Re: Trinity River Authority of Texas
Regional Wastewater System Revenue Bonds, Series 2010

Dear Mr. Brewer:

As you know, the Trinity River Authority of Texas (the "Issuer") will issue the captioned bonds in order to provide for the acquisition and construction of the project. As a result of that issuance, the federal income tax laws impose certain restrictions on the investment and expenditure of amounts to be used for the project or to be deposited to the interest and sinking fund and the reserve fund for the captioned bonds. The purpose of this letter is to set forth, in somewhat less technical language, those provisions of the tax law which require the timely use of bond proceeds and that investment of these amounts be at a yield which is not higher than the yield on the captioned bonds. For this purpose, please refer to line 21(e) of the Form 8038-G included in the transcript of proceedings for the yield on the captioned bonds.

Generally, the federal tax laws provide that, unless excepted, amounts to be used for the project or to be deposited to the interest and sinking fund and the reserve fund must be invested in obligations the combined yield on which does not exceed the yield on the bonds. Importantly, for purposes of administrative convenience, the bonds, however, have been structured in such a way as to avoid, for the most part, this restriction on investment yield. They also contain certain covenants relating to expenditures of proceeds designed to alert you to unintentional failures to comply with the laws affecting expenditures of proceeds and dispositions of property.

First, the sale and investment proceeds to be used for the project may be invested for up to three years without regard to yield. (Such amounts, however, may be subject to rebate.) Thereafter, they must be invested at or below the bond yield. Importantly, expenditure of these proceeds must be accounted in your books and records. Allocations of these expenditures must occur within 18 months of the later of the date paid or the date the project is completed. The foregoing notwithstanding, the allocation should not occur later than 60 days

after the earlier of (1) of five years after the delivery date of the bonds or (2) the date the bonds are retired unless you obtain an opinion of bond counsel.

Second, the interest and sinking fund is made up of amounts which are received annually for the payment of current debt service on all the Issuer's outstanding bonds. Any taxes or revenues deposited to the interest and sinking fund which are to be used for the payment of current debt service on the captioned bonds, or any other outstanding bonds, are not subject to yield restriction. By definition, current debt service refers only to debt service to be paid within one year of the date of receipt of these amounts. For the most part, this would be debt service in the current fiscal year. These amounts deposited to the account for current debt service may be invested without regard to any constraint imposed by the federal income tax laws.

Third, a portion of the interest and sinking fund is permitted to be invested without regard to yield restriction as a "minor portion." The "minor portion" exception is available for de minimis amounts of taxes or revenues deposited to the interest and sinking fund. The maximum amount that may be invested as part of this account may not exceed the lesser of five percent of the principal amount of the bonds or \$100,000.

In addition, the reserve fund contains an amount, which although not expended for debt service within the current year, is necessary to ensure that amounts will be sufficient to pay debt service in the event that taxes or revenues are insufficient during that period. This amount represents a reserve against periodic fluctuations in the receipt of taxes and revenues. The Internal Revenue Code permits amounts which are held in reserve for the payment of debt service, in such instances, to be invested without regard to yield restriction if such amounts do not exceed the lesser of (1) 10 percent of the outstanding principal amount of all outstanding bonds, (2) maximum annual debt service on all outstanding bonds, or (3) 125 percent of average annual debt service on all outstanding bonds.

Accordingly, you should review the current balance in the interest and sinking fund and the reserve fund in order to determine if such balances exceed the aggregate amounts discussed above. Additionally, in the future it is important that you be aware of these restrictions as additional amounts are deposited to the funds. The amounts in these funds which are subject to yield restriction would only be the amounts which are in excess of, in the case of the interest and sinking fund, the sum of (1) the current debt service account and (2) the "minor portion" account and, in the case of the reserve fund, the amount which is the lesser of the three amounts described above. Moreover, to the extent that additional bonds are issued by the Issuer, whether for new money projects or for refunding, these amounts will change in their proportion.

The Resolution contains covenants that require the Issuer to comply with the requirements of the federal tax laws relating to the tax-exempt obligations. The Internal Revenue Service (the "Service") has determined that certain materials, records and information should be retained by the issuers of tax-exempt obligations for the purpose of enabling the Service to confirm the exclusion of the interest on such obligations under the Internal Revenue Code. **Accordingly, the Issuer should retain such materials, records and information for the period beginning on the issue date of the captioned bonds and ending three years after the date the captioned bonds are retired. Please note this federal tax law standard may vary from state law standards.** The material, records and information required to be retained will generally be contained in the transcript of proceedings for the captioned bonds, however, the Issuer should collect and retain additional materials, records and information to ensure the continued compliance with federal tax law requirements. For example, beyond the transcript of proceedings for the bonds, the Issuer should keep schedules evidencing the expenditure of bond proceeds, documents relating to the use of bond-financed property by governmental and any private parties (e.g., leases and management contracts, if any) and schedules pertaining to the investment of bond proceeds. In the event that you have questions relating to record retention, please contact us.

Finally, you should notice that the contains a covenant that limits the ability of the Issuer to sell or otherwise dispose of bond-financed property for compensation. Beginning for obligations issued after May 15, 1997 (including certain refunding bonds), or in cases in which an issuer elects to apply new private activity bond regulations, such sale or disposition causes the creation of a class of proceeds referred to as "disposition proceeds." Disposition proceeds, like sale proceeds and investment earnings, are tax-restricted funds. Failure to appropriately account, invest or expend such disposition proceeds would adversely affect the tax-exempt status of the bonds. In the event that you anticipate selling property, even in the ordinary course, please contact us.

Obviously, this letter only presents a fundamental discussion of the yield restriction rules as applied to amounts deposited to the funds. Moreover, this letter does not address the rebate consequences with respect to the interest and sinking fund and the reserve fund. You should review the memorandum attached to the Federal Tax Certificate as Exhibit "A" for this purpose. If you have certain concerns with respect to the matters discussed in this letter or wish to ask additional questions with regards to certain limitations imposed, please feel free to contact our firm. Thank you for your consideration and we look forward to our continued relationship.

Very truly yours,

McCALL, PARKHURST & HORTON L.L.P.

cc: Mr. G. Charles Kobdich

TAB 12

CLOSING CERTIFICATE

THE STATE OF TEXAS :
TRINITY RIVER AUTHORITY OF TEXAS :

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

1. That this certificate is executed for and on behalf of said Authority with reference to the issuance and delivery of the TRINITY RIVER AUTHORITY OF TEXAS REGIONAL WASTEWATER SYSTEM REVENUE BONDS, SERIES 2010, DATED JANUARY 1, 2010, authorized by a resolution adopted by the Board of Directors of the Issuer on December 2, 2009 (the "Bonds").

2. That, to my best knowledge and belief:

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

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

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

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

SIGNED this JAN 21 2010.

TRINITY RIVER AUTHORITY OF TEXAS

A handwritten signature in black ink, appearing to read "Alan F. Lane". The signature is written in a cursive style and is positioned above a horizontal line.

General Manager

TAB 13

PAYING AGENT/REGISTRAR AGREEMENT

THIS AGREEMENT entered into as of January 1, 2010 (this "Agreement"), by and between Trinity River Authority of Texas (the "Issuer"), and The Bank of New York Mellon Trust Company, National Association (the "Bank").

RECITALS

WHEREAS, the Issuer has duly authorized and provided for the issuance of its Regional Wastewater System Revenue Bonds, Series 2010 (the "Securities") in the aggregate principal amount of \$107,180,000, such Securities to be issued in fully registered form only as to the payment of principal and interest thereon; and

WHEREAS, the Securities are scheduled to be delivered to the initial purchasers thereof on or about January 21, 2010; and

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

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

NOW, THEREFORE, it is mutually agreed as follows:

ARTICLE ONE

APPOINTMENT OF BANK AS PAYING AGENT AND REGISTRAR

Section 1.01. Appointment.

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

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

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

Section 1.02. Compensation.

As compensation for the Bank's services as Paying Agent/Registrar, the Issuer hereby agrees to pay the Bank the fees and amounts set forth in Schedule A attached hereto for the first year of this Agreement and

thereafter the fees and amounts set forth in the Bank's current fee schedule then in effect for services as Paying Agent/Registrar for municipalities, which shall be supplied to the Issuer on or before 90 days prior to the close of the Fiscal Year of the Issuer, and shall be effective upon the first day of the following Fiscal Year.

In addition, the Issuer agrees to reimburse the Bank upon its request for all reasonable expenses, disbursements, and advances incurred or made by the Bank in accordance with any of the provisions hereof (including the reasonable compensation and the expenses and disbursements of its agents and counsel).

ARTICLE TWO DEFINITIONS

Section 2.01. Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

"Acceleration Date" on any Security means the date on and after which the principal or any or all installments of interest, or both, are due and payable on any Security which has become accelerated pursuant to the terms of the Security.

"Bank Office" means the principal corporate trust office of the Bank as indicated on the signature page hereof. The Bank will notify the Issuer in writing of any change in location of the Bank Office.

"Fiscal Year" means the fiscal year of the Issuer, ending August 31.

"Holder" and "Security Holder" each means the Person in whose name a Security is registered in the Security Register.

"Issuer Request" and "Issuer Order" means a written request or order signed in the name of the Issuer by the President of the Board of Trustees of the Issuer, any one or more of said officials, delivered to the Bank.

"Legal Holiday" means a day on which the Bank is required or authorized to be closed.

"Order" means the order, ordinance, or resolution of the governing body of the Issuer pursuant to which the Securities are issued, certified by the Secretary of the Board of Trustees or any other officer of the Issuer and delivered to the Bank.

"Person" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization, or government, or any agency or political subdivision of a government.

"Predecessor Securities" of any particular Security means every previous Security evidencing all or a portion of the same obligation as that evidenced by such particular Security (and, for the purposes of this definition, any mutilated, lost, destroyed, or stolen Security for which a replacement Security has been registered and delivered in lieu thereof pursuant to Section 4.06 hereof and the Order).

"Record Date" means the last business day of the month next preceding payment.

"Redemption Date" when used with respect to any Bond to be redeemed means the date fixed for such redemption pursuant to the terms of the Order.

"Responsible Officer" when used with respect to the Bank means the Chairman or Vice-Chairman of the Board of Directors, the Chairman or Vice-Chairman of the Executive Committee of the Board of Directors, the President, any Vice President, the Secretary, any Assistant Secretary, the Treasurer, any Assistant Treasurer, the Cashier, any Assistant Cashier, any Trust Officer or Assistant Trust Officer, or any other officer of the Bank customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

"Security Register" means a register maintained by the Bank on behalf of the Issuer providing for the registration and transfer of the Securities.

"Stated Maturity" means the date specified in the Order the principal of a Security is scheduled to be due and payable.

Section 2.02. Other Definitions.

The terms "Bank," "Issuer" and "Securities (Security)" have the meanings assigned to them in the recital paragraphs of this Agreement.

The term "Paying Agent/Registrar" refers to the Bank in the performance of the duties and functions of this Agreement.

ARTICLE THREE
PAYING AGENT

Section 3.01. Duties of Paying Agent.

As Paying Agent, the Bank shall, provided adequate collected funds have been provided to it for such purpose by or on behalf of the Issuer, pay on behalf of the Issuer the principal of each Security at its Stated Maturity, Redemption Date, or Acceleration Date, to the Holder upon surrender of the Security to the Bank at the Bank Office.

As Paying Agent, the Bank shall, provided adequate collected funds have been provided to it for such purpose by or on behalf of the Issuer, pay on behalf of the Issuer the interest on each Security when due, by computing the amount of interest to be paid each Holder and preparing and sending checks by United States mail, first-class postage prepaid, on each payment date, to the Holders of the Securities (or their Predecessor Securities) on the respective Record Date, to the address appearing on the Security Register or by such other method, acceptable to the Bank, requested in writing by the Holder at the Holder's risk and expense.

Section 3.02. Payment Dates.

The Issuer hereby instructs the Bank to pay the principal of and interest on the Securities on the dates specified in the Order.

Section 3.03. Reporting Requirements.

To the extent required by the Code or the Treasury Regulations, the Bank shall report to the Holders and the Internal Revenue Service the amount of interest paid or the amount treated as interest accrued on the Bonds which is required to be reported by the Holders on their returns of federal income tax.

ARTICLE FOUR REGISTRAR

Section 4.01. Security Register - Transfers and Exchanges.

The Bank agrees to keep and maintain for and on behalf of the Issuer at the Bank Office books and records (herein sometimes referred to as the "Security Register") and, if the Bank Office is located outside the State of Texas, a copy of such books and records shall be kept in the State of Texas, for recording the names and addresses of the Holders of the Securities, the transfer, exchange, and replacement of the Securities and the payment of the principal of and interest on the Securities to the Holders and containing such other information as may be reasonably required by the Issuer and subject to such reasonable regulations as the Issuer and the Bank may prescribe. All transfers, exchanges, and replacement of Securities shall be noted in the Security Register.

Every Security surrendered for transfer or exchange shall be duly endorsed or be accompanied by a written instrument of transfer, the signature on which has been guaranteed by an officer of a federal or state bank or a member of the National Association of Securities Dealers, in form satisfactory to the Bank, duly executed by the Holder thereof or his agent duly authorized in writing.

The Bank may request any supporting documentation it feels necessary to effect a re-registration, transfer, or exchange of the Securities.

To the extent possible and under reasonable circumstances, the Bank agrees that, in relation to an exchange or transfer of Securities, the exchange or transfer by the Holders thereof will be completed and new Securities delivered to the Holder or the assignee of the Holder in not more than three (3) business days after the receipt of the Securities to be cancelled in an exchange or transfer and the written instrument of transfer or request for exchange duly executed by the Holder, or his duly authorized agent, in form and manner satisfactory to the Paying Agent/Registrar.

Section 4.02. Certificates.

The Issuer shall provide an adequate inventory of printed Securities to facilitate transfers or exchanges thereof. The Bank covenants that the inventory of printed Securities will be kept in safekeeping pending their use, and reasonable care will be exercised by the Bank in maintaining such Securities in safekeeping, which shall be not less than the care maintained by the Bank for debt securities of other political subdivisions or corporations for which it serves as registrar, or that is maintained for its own securities.

Section 4.03. Form of Security Register.

The Bank, as Registrar, will maintain the Security Register relating to the registration, payment, transfer and exchange of the Securities in accordance with the Bank's general practices and procedures in effect from time to time. The Bank shall not be obligated to maintain such Security Register in any form other than those which the Bank has currently available and currently utilizes at the time.

The Security Register may be maintained in written form or in any other form capable of being converted into written form within a reasonable time.

Section 4.04. List of Security Holders.

The Bank will provide the Issuer at any time requested by the Issuer, upon payment of the required fee, a copy of the information contained in the Security Register. The Issuer may also inspect the information contained in the Security Register at any time the Bank is customarily open for business, provided that reasonable time is allowed the Bank to provide an up-to-date listing or to convert the information into written form.

The Bank will not release or disclose the contents of the Security Register to any person other than to, or at the written request of, an authorized officer or employee of the Issuer, except upon receipt of a court order or as otherwise required by law. Upon receipt of a court order and prior to the release or disclosure of the contents of the Security Register, the Bank will notify the Issuer so that the Issuer may contest the court order or such release or disclosure of the contents of the Security Register.

Section 4.05. Cancellation of Certificates.

All certificates surrendered to the Bank, at the designated Payment/Transfer Office, for payment, redemption, transfer or replacement, shall be promptly cancelled by the Bank. The Bank will provide to the Issuer, at reasonable intervals determined by it, a certificate evidencing the destruction of cancelled certificates.

Section 4.06. Mutilated, Destroyed, Lost, or Stolen Securities.

The Issuer hereby instructs the Bank, subject to the applicable provisions of the Order, to deliver and issue Securities in exchange for or in lieu of mutilated, destroyed, lost, or stolen Securities as long as the same does not result in an overissuance.

In case any Security shall be mutilated, or destroyed, lost, or stolen, the Bank, in its discretion, may execute and deliver a replacement Security of like form and tenor, and in the same denomination and bearing a number not contemporaneously outstanding, in exchange and substitution for such mutilated Security, or in lieu of and in substitution for such destroyed, lost or stolen Security, only after (i) the filing by the Holder thereof with the Bank of evidence satisfactory to the Bank of the destruction, loss or theft of such Security, and of the authenticity of the ownership thereof and (ii) the furnishing to the Bank of indemnification in an amount satisfactory to hold the Issuer and the Bank harmless. All expenses and charges associated with such indemnity and with the preparation, execution and delivery of a replacement Security shall be borne by the Holder of the Security mutilated, or destroyed, lost or stolen.

Section 4.07. Transaction Information to Issuer.

The Bank will, within a reasonable time after receipt of written request from the Issuer, furnish the Issuer information as to the Securities it has paid pursuant to Section 3.01, Securities it has delivered upon the transfer or exchange of any Securities pursuant to Section 4.01, and Securities it has delivered in exchange for or in lieu of mutilated, destroyed, lost, or stolen Securities pursuant to Section 4.06.

ARTICLE FIVE
THE BANK

Section 5.01. Duties of Bank.

The Bank undertakes to perform the duties set forth herein and agrees to use reasonable care in the performance thereof.

The Bank is also authorized to transfer funds relating to the closing and initial delivery of the securities in the manner disclosed in the closing memorandum approved by the Issuer as prepared by the Issuer's financial advisor or other agent. The Bank may act on a facsimile or e-mail transmission of the closing memorandum acknowledged by the financial advisor or the Issuer as the final closing memorandum. The Bank shall not be liable for any losses, costs or expenses arising directly or indirectly from the Bank's reliance upon and compliance with such instructions.

Section 5.02. Reliance on Documents, Etc.

(a) The Bank may conclusively rely, as to the truth of the statements and correctness of the opinions expressed therein, on certificates or opinions furnished to the Bank.

(b) The Bank shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Bank was negligent in ascertaining the pertinent facts.

© No provisions of this Agreement shall require the Bank to expend or risk its own funds or otherwise incur any financial liability for performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity satisfactory to it against such risks or liability is not assured to it.

(d) The Bank may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. Without limiting the generality of the foregoing statement, the Bank need not examine the ownership of any Securities, but is protected in acting upon receipt of Securities containing an endorsement or instruction of transfer or power of transfer executed in accordance with Section 4.01 hereof, which appears on its face to be signed by the Holder or an agent of the Holder. The Bank shall not be bound to make any investigation into the facts or matters stated in a resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security, or other paper or document supplied by Issuer.

(e) The Bank may consult with counsel, and the written advice of such counsel or any opinion of counsel shall be full and complete authorization and protection with respect to any action taken, suffered, or omitted by it hereunder in good faith and in reliance thereon.

(f) The Bank may exercise any of the powers hereunder and perform any duties hereunder either directly or by or through agents or attorneys of the Bank.

Section 5.03. Recitals of Issuer.

The recitals contained herein with respect to the Issuer and in the Securities shall be taken as the statements of the Issuer, and the Bank assumes no responsibility for their correctness.

The Bank shall in no event be liable to the Issuer, any Holder or Holders of any Security, or any other Person for any amount due on any Security from its own funds.

Section 5.04. May Hold Securities.

The Bank, in its individual or any other capacity, may become the owner or pledgee of Securities and may otherwise deal with the Issuer with the same rights it would have if it were not the Paying Agent/Registrar, or any other agent.

Section 5.05. Moneys Held by Bank.

The Bank shall deposit any moneys received from the Issuer into a trust account to be held in a fiduciary capacity for the payment of the Securities, with such moneys in the account that exceed the deposit insurance available to the Issuer by the Federal Deposit Insurance Corporation, to be fully collateralized with securities or obligations that are eligible under the laws of the State of Texas to secure and be pledged as collateral for trust accounts until the principal and interest on such securities have been presented for payment and paid to the owner thereof. Payments made from such trust account shall be made by check drawn on such trust account unless the owner of such Securities shall, at its own expense and risk, request such other medium of payment.

Subject to the Unclaimed Property Law of the State of Texas, any money deposited with the Bank for the payment of the principal, premium (if any), or interest on any Security and remaining unclaimed for three years after the final maturity of the Security has become due and payable will be paid by the Bank to the Issuer if the Issuer so elects, and the Holder of such Security shall hereafter look only to the Issuer for payment thereof, and all liability of the Bank with respect to such monies shall thereupon cease. If the Issuer does not elect, the Bank is directed to report and dispose of the funds in compliance with Title Six of the Texas Property Code, as amended.

Section 5.06. Indemnification.

To the extent permitted by law, the Issuer agrees to indemnify the Bank, its directors, officers, and employees, and hold it harmless against, any loss, liability, or expense incurred without negligence or bad faith on its part, arising out of or in connection with its acceptance or administration of its duties hereunder, including the cost and expense against any claim or liability in connection with the exercise or performance of any of its powers or duties under this Agreement.

Section 5.07. Interpleader.

The Issuer and the Bank agree that the Bank may seek adjudication of any adverse claim, demand, or controversy over its person as well as funds on deposit, in either a Federal or State District Court located in the State and County where the administrative offices of the Issuer is located, and agree that service of process by certified or registered mail, return receipt requested, to the address referred to in Section 6.03 of this Agreement shall constitute adequate service. The Issuer and the Bank further agree that the Bank has the right to file a Bill of Interpleader in any court of competent jurisdiction within the State of Texas to determine the rights of any Person claiming any interest herein.

Section 5.08. Depository Trust Company Services.

It is hereby represented and warranted that, in the event the Securities are otherwise qualified and accepted for "Depository Trust Company" services or equivalent depository trust services by other organizations, the Bank has the capability and, to the extent within its control, will comply with the "Operational Arrangements," effective August 1, 1987, which establishes requirements for securities to be eligible for such type depository trust services, including, but not limited to, requirements for the timeliness of payments and funds availability, transfer turnaround time, and notification of redemptions and calls.

**ARTICLE SIX
MISCELLANEOUS PROVISIONS**

Section 6.01. Amendment.

This Agreement may be amended only by an agreement in writing signed by both of the parties hereto.

Section 6.02. Assignment.

This Agreement may not be assigned by either party without the prior written consent of the other.

Section 6.03. Notices.

Any request, demand, authorization, direction, notice, consent, waiver, or other document provided or permitted hereby to be given or furnished to the Issuer or the Bank shall be mailed or delivered to the Issuer or the Bank, respectively, at the addresses shown on the signature page of this Agreement.

Section 6.04. Effect of Headings.

The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

Section 6.05. Successors and Assigns.

All covenants and agreements herein by the Issuer and the Bank shall bind their respective successors and assigns, whether so expressed or not.

Section 6.06. Merger, Conversion, Consolidation, or Succession.

Any corporation into which the Paying Agent may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Paying Agent shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Bank shall be the successor of the Paying Agent hereunder without the execution or filing of any paper or any further act on the part of either of the parties hereto, provided that the successor or resulting corporation is a bank, trust company, financial institution or other agency competent and legally qualified to act as Paying Agent/Registrar under this Agreement and the Order. The Paying Agent shall provide immediate notice to the Issuer of any such pending merger, conversion, consolidation or of any such pending transfer to a successor corporation.

Section 6.07. Severability.

In case any provision herein shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 6.08. Benefits of Agreement.

Nothing herein, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, any benefit or any legal or equitable right, remedy, or claim hereunder.

Section 6.09. Entire Agreement.

This Agreement and the Order constitute the entire agreement between the parties hereto relative to the Bank acting as Paying Agent/Registrar and if any conflict exists between this Agreement and the Order, the Order shall govern.

Section 6.10. Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which shall constitute one and the same Agreement.

Section 6.11. Termination.

This Agreement will terminate (I) on the date of final payment of the principal of and interest on the Securities to the Holders thereof or (ii) may be earlier terminated by either party upon sixty (60) days written notice; provided, however, an early termination of this Agreement by either party shall not be effective until (a) a successor Paying Agent/Registrar has been appointed by the Issuer and such appointment accepted and (b) notice has been given to the Holders of the Securities of the appointment of a successor Paying Agent/Registrar. If the 60-day notice period expires and no successor has been appointed, the Bank, at the expense of the Issuer, has the right to petition a court of competent jurisdiction to appoint a successor under the Agreement. Furthermore, the Bank and Issuer mutually agree that the effective date of an early termination of this Agreement shall not occur at any time which would disrupt, delay or otherwise adversely affect the payment of the Securities.

Upon an early termination of this Agreement, the Bank agrees to promptly transfer and deliver the Security Register (or a copy thereof), together with other pertinent books and records relating to the Securities, to the successor Paying Agent/Registrar designated and appointed by the Issuer.

The provisions of Section 1.02 and of Article Five shall survive and remain in full force and effect following the termination of this Agreement.

Section 6.12. Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the State of Texas.

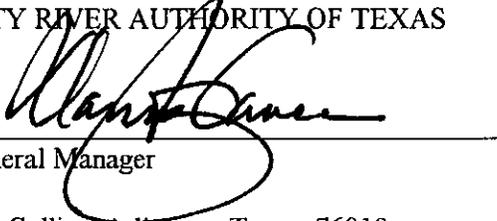
IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

THE BANK OF NEW YORK MELLON TRUST COMPANY,
NATIONAL ASSOCIATION

By 
Title Senior Associate

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

TRINITY RIVER AUTHORITY OF TEXAS

By 
General Manager

5300 S. Collins, Arlington, Texas 76018



BNY MELLON
CORPORATE TRUST

Fee Schedule

Trinity River Authority - Central Regional Wastewater System Revenue Bonds, Series 2009

Bank Officer's Review Fee	None
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A one-time charge covering the Bank Officer's review of governing documents, communication with members of the closing party, including representatives of the issuer, investment banker(s) and attorney(s), establishment of procedures and controls, set-up of trust accounts and tickler suspense items and the receipt and disbursement/investment of bond proceeds. This fee is payable on the closing date.

Paying Agent Administration Fee	\$500
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An annual charge covering the normal paying agent duties related to account administration and bondholder services. Our pricing is based on the assumption that the bonds are DTC-eligible/book-entry only. If the bonds are certificated or physical, then we will have to charge an additional \$1000 per year as a paying agent. This fee is payable annually, in advance.

OR

Paying Agent Fee	\$500
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A one-time charge covering the normal duties and responsibilities related to account administration. This fee is payable on the closing date.

Extraordinary Services/Misc Fees	At Appraisal
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The charges for performing extraordinary or other services not contemplated at the time of the execution of the transaction or not specifically covered elsewhere in this schedule will be commensurate with the service to be provided and may be charged in BNY Mellon's sole discretion. If it is contemplated that the Trustee hold and/or value collateral or enter into any investment contract, forward purchase or similar or other agreement, additional acceptance, administration and counsel review fees will be applicable to the agreement governing such services. If the bonds are converted to certificated form, additional annual fees will be charged for any applicable tender agent and/or registrar/paying agent services. Additional information will be provided at such time. Should this transaction terminate prior to closing, all out-of-pocket expenses incurred, including legal fees, will be billed at cost. If all outstanding bonds of a series are defeased or called in full prior to their maturity, a termination fee may be assessed at that time.

These extraordinary services may include, but are not limited to, supplemental agreements, consent operations, unusual releases, tender processing, sinking fund redemptions, failed remarketing processing, the preparation of special or interim reports, custody of collateral, a one-time fee to be charged upon termination of an engagement. Counsel, accountants, special agents and others will be charged at the actual amount of fees and expenses billed, UCC filing fees, money market sweep fees, auditor confirmation fees, wire transfer fees,



BNY MELLON
CORPORATE TRUST

transaction fees to settle third-party trades and reconciliation fees to balance trust account balances to third-party investment provider statements

Annual fees include one standard audit confirmation per year without charge. Standard audit confirmations include the final maturity date, principal paid, principal outstanding, interest cycle, interest paid, cash and asset information, interest rate, and asset statement information. Non-standard audit confirmation requests may be assessed an additional fee. Periodic tenders, sinking fund, optional or extraordinary call redemptions will be assessed at \$300 per event.

Other Miscellaneous Fees:

At Appraisal

FDIC or other governmental charges will be passed along to you as incurred.

Terms and Disclosures

Terms of Proposal

Final acceptance of the appointment under the Indenture is subject to approval of authorized officers of BNYM and full review and execution of all documentation related hereto. Please note that if this transaction does not close, you will be responsible for paying any expenses incurred, including Counsel Fees. We reserve the right to terminate this offer if we do not enter into final written documents within three months from the date this document is first transmitted to you. Fees may be subject to adjustment during the life of the engagement.

Customer Notice Required by the USA Patriot Act

To help the US government fight the funding of terrorism and money laundering activities, US Federal law requires all financial institutions to obtain, verify, and record information that identifies each person (whether an individual or organization) for which a relationship is established.

What this means to you: When you establish a relationship with BNYM, we will ask you to provide certain information (and documents) that will help us to identify you. We will ask for your organization's name, physical address, tax identification or other government registration number and other information that will help us to identify you. We may also ask for a Certificate of Incorporation or similar document or other pertinent identifying documentation for your type of organization.

We thank you for your assistance.

TAB 14



ATTORNEY GENERAL OF TEXAS
GREG ABBOTT

January 7, 2010

THIS IS TO CERTIFY that the Trinity River Authority of Texas (the "Issuer"), has submitted to me Trinity River Authority of Texas Regional Wastewater System Revenue Bonds, Series 2010 (the "Bonds"), in the aggregate principal amount of \$107,180,000 for approval. The Bonds are dated January 1, 2010, numbered R-1 through R-23, and were authorized by Resolution No. R-1289 of the Issuer passed on December 2, 2009 (the "Resolution"). The record of proceedings includes the Resolution and the Certificate of General Manager.

I have examined the law and such certified proceedings and other papers as I deem necessary to render this opinion.

As to questions of fact material to my opinion, I have relied upon representations of the Issuer contained in the certified proceedings and other certifications of public officials furnished to me without undertaking to verify the same by independent investigation.

I express no opinion relating to the official statement or any other offering material relating to the Bonds.

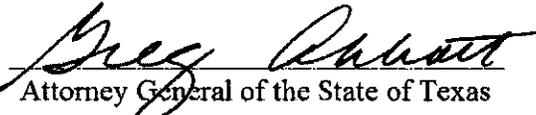
Based on my examination, I am of the opinion, as of the date hereof and under existing law, as follows (capitalized terms, except as herein defined, have the meanings given to them in the Resolution):

- (1) The Bonds have been issued in accordance with law and are valid and binding special obligations of the Issuer.
- (2) The Bonds are payable from and secured by a first lien on and pledge of the Issuer's Revenues, as provided in the Resolution.
- (3) The owner of the Bonds shall never have the right to demand payment of the Bonds out of any funds raised or to be raised by taxation.
- (4) The proceedings conform to the requirements of law.

Trinity River Authority of Texas Regional Wastewater System Revenue Bonds, Series 2010 -
\$107,180,000

- Page 2 -

Therefore, the Bonds are approved and, pursuant to the provisions of chapter 1371 of the Government Code, the proceedings are approved.



Attorney General of the State of Texas

No. 50046
Book No. 2010-A
MA

OFFICE OF COMPTROLLER

OF THE STATE OF TEXAS

I, SUSAN COMBS, Comptroller of Public Accounts of the State of Texas, do hereby certify that the attachment is a true and correct copy of the opinion of the Attorney General approving the:

Trinity River Authority of Texas Regional Wastewater System Revenue Bonds, Series 2010 and certain related documents, (the "Proceedings")

the bonds are numbered R-1/R-23, of the denomination of \$ various, dated January 1, 2010, as authorized by issuer, interest various percent, under and by authority of which said bonds/certificates and Proceedings were registered electronically in the office of the Comptroller, on the 7th day of January 2009, under Registration Number 76463.

Given under my hand and seal of office, at Austin, Texas, the 7th day of January 2009.



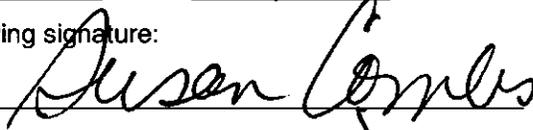
SUSAN COMBS
Comptroller of Public Accounts
of the State of Texas

OFFICE OF COMPTROLLER
OF THE STATE OF TEXAS

I, Melissa Mora, Bond Clerk Assistant Bond Clerk in the office of the Comptroller of the State of Texas, do hereby certify that, acting under the direction and authority of the Comptroller on the 7th day of January 2009, I signed the name of the Comptroller to the certificate of registration endorsed upon the:

Trinity River Authority of Texas Regional Wastewater System Revenue Bonds, Series 2010 and certain related documents, (the "Proceedings"),

the bonds are numbered R-1/R-23, dated January 1, 2010, and that in signing the certificate of registration I used the following signature:



IN WITNESS WHEREOF I have executed this certificate this the 7th day of January 2009.



I, Susan Combs, Comptroller of Public Accounts of the State of Texas, certify that the person who has signed the above certificate was duly designated and appointed by me under authority vested in me by Chapter 403, Subchapter H, Government Code, with authority to sign my name to all certificates of registration, and/or cancellation of bonds required by law to be registered and/or cancelled by me, and was acting as such on the date first mentioned in this certificate, and that the bonds/certificates described in this certificate have been duly registered in the office of the Comptroller, under Registration Number 76463.

GIVEN under my hand and seal of office at Austin, Texas, this the 7th day of January 2009.



SUSAN COMBS
Comptroller of Public Accounts
of the State of Texas

TAB 15

LAW OFFICES

MCCALL, PARKHURST & HORTON L.L.P.

600 CONGRESS AVENUE
SUITE 1800

AUSTIN, TEXAS 78701-3248

TELEPHONE: 512 478-3805

FACSIMILE: 512 472-0871

717 NORTH HARWOOD
SUITE 900

DALLAS, TEXAS 75201-6587

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700 N. ST. MARY'S STREET
SUITE 1525

SAN ANTONIO, TEXAS 78205-3503

TELEPHONE: 210 225-2800

FACSIMILE: 210 225-2984

JAN 21 2010

TRINITY RIVER AUTHORITY OF TEXAS REGIONAL WASTEWATER
SYSTEM REVENUE BONDS, SERIES 2010, DATED JANUARY 1, 2010, IN THE
PRINCIPAL AMOUNT OF \$107,180,000

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 bear interest from the dates specified in the text of the Bonds, until maturity or redemption, at the rates and payable on the dates as stated in the text of the Bonds, and maturing on August 1 in each of the years 2012 through 2034, inclusive, with the Bonds being subject to redemption prior to maturity, all as provided in the resolution of the Issuer authorizing the issuance of the Bonds (the "Resolution").

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

BASED ON SAID EXAMINATION, it is our opinion that the Bonds have been authorized, issued and duly delivered in accordance with law; and that except as may be limited by laws applicable to the Issuer relating to federal bankruptcy laws and any other similar laws affecting the rights of creditors of political subdivisions generally, which rights may be limited by general principles of equity which permit the exercise of judicial discretion, (i) the covenants and agreements in the 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 payable from and secured by a first lien on and pledge of the Issuer's "Net Revenues" from "Contracts" between the Issuer and the Contracting Parties specified in the 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.

IT IS FURTHER OUR OPINION, that, except as discussed below, under the statutes, regulations, published rulings and court decisions existing on the date of this opinion, for federal income tax purposes, the interest on the Bonds (i) is excludable from the gross income of the owners thereof and (ii) is not includable in an owner's alternative minimum taxable income under Section 55 of the Internal Revenue Code of 1986. In expressing the aforementioned opinions, we have relied on, and assume compliance by the Issuer with, certain covenants regarding the use and investment of the proceeds of the Bonds and the use of the property financed therewith. We call your attention to the fact that if such representations are determined to be inaccurate or upon failure by the Issuer to comply with such covenants, interest on the Bonds may become includable in gross income retroactively to the date of issuance of the Bonds.

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

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

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

THE ISSUER also has reserved the right to amend the Resolution, subject to the restrictions stated in the 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 Resolution.

WE HAVE ACTED AS BOND COUNSEL for the Issuer for the sole purpose of rendering an opinion with respect to the legality and validity of the bonds described above under the Constitution and laws of the State of Texas, and with respect to the exemption of the interest on such bonds from federal income taxes, and for no other reason or purpose. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result. We have not been requested to investigate or verify, and have not investigated or verified, any records, data, or other material relating to the financial condition or capabilities of the Issuer or the Contracting Parties, or the adequacy of the pledged Net Revenues from Contracts, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Bonds and have relied solely on certificates executed by officials of the Issuer as to the sufficiency of the Net Revenues.

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

Respectfully,

M. Call, Rushmore & Horton L.L.P.

TAB 16

LAW OFFICES

McCALL, PARKHURST & HORTON L.L.P.

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AUSTIN, TEXAS 78701-3248
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700 N. ST. MARY'S STREET
SUITE 1525
SAN ANTONIO, TEXAS 78205-3503
TELEPHONE: 210 225-2800
FACSIMILE: 210 225-2984

May 13, 2010

CERTIFIED MAIL RRR: 7009 3410 0000 5668 6566

Internal Revenue Service Center
Ogden, Utah 84201

Re: Information Reporting - Tax-Exempt Bonds
Trinity River Authority of Texas
Regional Wastewater System Revenue Bonds, Series 2010

Ladies and Gentlemen:

Pursuant to the requirements of Section 149(e) of the Internal Revenue Code of 1986, enclosed please find an original and a photocopy of Form 8038-G which is hereby submitted to you for the above-captioned bonds issued January 21, 2010.

Please file the original and return the "Acknowledgment Copy" of Form 8038-G to the undersigned in the enclosed self-addressed, postage paid envelope.

Sincerely,

McCALL, PARKHURST & HORTON L.L.P.



Harold T. Flanagan

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

Information Return for Tax-Exempt Governmental Obligations

► Under Internal Revenue Code section 149(e)
 ► See separate instructions.

OMB No. 1545-0720

Caution: If the issue price is under \$100,000, use Form 8038-GC.

Part I Reporting Authority If Amended Return, check here ►

1 Issuer's name TRINITY RIVER AUTHORITY OF TEXAS	2 Issuer's employer identification number 75 6005084	
3 Number and street (or P.O. box if mail is not delivered to street address) P.O. BOX 240	Room/suite	4 Report number 3 01
5 City, town, or post office, state, and ZIP code ARLINGTON, TEXAS 76004	6 Date of issue 1-21-2010	
7 Name of issue REGIONAL WASTEWATER SYSTEM REVENUE BONDS, SERIES 2010	8 CUSIP number 89658H NY2	
9 Name and title of officer or legal representative whom the IRS may call for more information WARREN N. BREWER, JR., REGIONAL MANAGER, NORTHERN REGION	10 Telephone number of officer or legal representative (817) 493-5100	

Part II Type of Issue (check applicable box(es) and enter the issue price) See instructions and attach schedule

11 <input type="checkbox"/> Education	11
12 <input type="checkbox"/> Health and hospital	12
13 <input type="checkbox"/> Transportation	13
14 <input type="checkbox"/> Public safety	14
15 <input checked="" type="checkbox"/> Environment (including sewage bonds)	15 105,233,186
16 <input type="checkbox"/> Housing	16
17 <input type="checkbox"/> Utilities	17
18 <input type="checkbox"/> Other. Describe ►	18
19 If obligations are TANs or RANs, check box ► <input type="checkbox"/> If obligations are BANs, check box ► <input type="checkbox"/>	
20 If obligations are in the form of a lease or installment sale, check box ► <input type="checkbox"/>	

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

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	8-1-2034	\$ 105,233,186	\$ 107,180,000	16.815 years	3.4938 %

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

22 Proceeds used for accrued interest	22 -0-
23 Issue price of entire issue (enter amount from line 21, column (b))	23 105,233,186
24 Proceeds used for bond issuance costs (including underwriters' discount)	24 1,033,767
25 Proceeds used for credit enhancement	25 -0-
26 Proceeds allocated to reasonably required reserve or replacement fund	26 176,234
27 Proceeds used to currently refund prior issues	27 -0-
28 Proceeds used to advance refund prior issues	28 -0-
29 Total (add lines 24 through 28)	29 1,210,001
30 Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	30 104,023,185

Part V Description of Refunded Bonds (Complete this part only for refunding bonds.) N/A

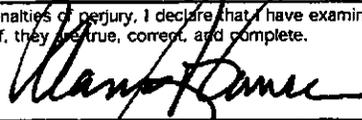
31 Enter the remaining weighted average maturity of the bonds to be currently refunded	_____ years
32 Enter the remaining weighted average maturity of the bonds to be advance refunded	_____ years
33 Enter the last date on which the refunded bonds will be called	_____
34 Enter the date(s) the refunded bonds were issued	_____

Part VI Miscellaneous

35 Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35 -0-
36a Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (see instructions)	36a -0-
b Enter the final maturity date of the guaranteed investment contract	_____
37 Pooled financings: a Proceeds of this issue that are to be used to make loans to other governmental units	37a -0-
b If this issue is a loan made from the proceeds of another tax-exempt issue, check box <input type="checkbox"/> and enter the name of the issuer _____ and the date of the issue N/A	
38 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box <input type="checkbox"/>	
39 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box <input type="checkbox"/>	
40 If the issuer has identified a hedge check box <input type="checkbox"/>	

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

Sign Here


 Signature of issuer's authorized representative

1-21-2010
 Date

DANNY F. VANCE, GENERAL MANAGER
 Type or print name and title