

OFFICIAL STATEMENT



(See “CONTINUING DISCLOSURE
OF INFORMATION” herein)

Dated August 14, 2018

Ratings:
S&P: “AAA”
Fitch: “AA+”
(see “OTHER INFORMATION
- Ratings” herein)

NEW ISSUE - Book-Entry-Only

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

THE BONDS WILL NOT BE DESIGNATED AS “QUALIFIED TAX-EXEMPT OBLIGATIONS” FOR FINANCIAL INSTITUTIONS

\$221,930,000

TRINITY RIVER AUTHORITY OF TEXAS REGIONAL WASTEWATER SYSTEM REVENUE IMPROVEMENT AND REFUNDING BONDS, SERIES 2018

Dated Date: August 15, 2018

Due: August 1, as shown on Page ii

Interest to accrue from Delivery Date

PAYMENT TERMS . . . Interest on the \$221,930,000 Trinity River Authority of Texas Regional Wastewater System Revenue Improvement and Refunding Bonds, Series 2018 (the “Bonds”) will accrue from the date they are initially delivered (the “Delivery Date”) to the underwriters listed below (the “Underwriters”), will be payable on February 1, 2019 and on August 1 and February 1 of each year thereafter until maturity or prior redemption, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company (“DTC”) pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or integral multiples thereof within a maturity. **No physical delivery of the Bonds will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds (see “THE BONDS - Book-Entry-Only System” herein). The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (see “THE BONDS - Paying Agent/Registrar”).

AUTHORITY FOR ISSUANCE . . . The Bonds are issued pursuant to the provisions of Chapter 518, Acts of the 54th Texas Legislature, Regular Session, 1955, as amended, Chapter 30, Texas Water Code, as amended, Chapters 1207 and 1371, Texas Government Code, as amended, and other applicable laws, and a bond resolution authorizing the issuance of the Bonds (the “Bond Resolution”) adopted by the Board of Directors (the “Board”) of the Trinity River Authority of Texas (the “Authority” or “Issuer”) on April 25, 2018. In the Bond Resolution, the Board delegated to an officer of the Authority (the “Authorized Officer”) the authority to complete the sale of the Bonds. The terms of the sale are included in a “Pricing Certificate” which has been approved and executed by the Authorized Officer and which completes the sale of the Bonds (the Bond Resolution and the Pricing Certificate are jointly referred to as the “Resolution”). Under the Constitution and the statutes of the State of Texas, the Authority has broad powers to effectuate flood control and the conservation and use for all beneficial purposes of storm and flood waters in the Trinity River watershed, and as a necessary aid to these purposes, the Authority has specific authority to construct, own and operate water and wastewater treatment, collection and transportation systems, and to make contracts in reference thereto with municipalities and others.

PURPOSE . . . Proceeds from the sale of the Bonds will be used for the purpose of providing funds (i) to current refund all or part of the junior lien improvement bonds designated as “Trinity River Authority of Texas Central Regional Wastewater System Revenue Bond – Extendable Commercial Paper Mode, Series A (Tax-Exempt)”, (ii) to acquire and construct improvements and extensions to the System, (iii) funding the Reserve Fund and (iv) to pay the costs of issuance of the Bonds.

CUSIP PREFIX: 89658H
MATURITY SCHEDULE & 9 DIGIT CUSIP
See Schedule on Page ii

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

DELIVERY . . . It is expected that the Bonds will be available for delivery through the facilities of DTC on or about September 12, 2018.

J.P. Morgan

BOK FINANCIAL SECURITIES, INC.

CITIGROUP

MESIROW FINANCIAL, INC.

SIEBERT CISNEROS SHANK & CO. L.L.C.

MATURITY SCHEDULE

Maturity (August 1)	Principal Amount	Interest Rate	Initial Yield	CUSIP Suffix ⁽¹⁾
2019	\$7,950,000	5.000%	1.580%	VN7
2020	7,135,000	5.000	1.690	VP2
2021	7,495,000	5.000	1.820	VQ0
2022	7,875,000	5.000	1.940	VR8
2023	4,000,000	3.000	2.070	VS6
2023	4,255,000	5.000	2.070	VT4
2024	8,590,000	5.000	2.180	VU1
2025	9,025,000	5.000	2.350	VV9
2026	9,475,000	5.000	2.500	VW7
2027	9,940,000	5.000	2.570	VX5
2028	10,445,000	5.000	2.640	VY3
2029	10,970,000	5.000	2.710*	VZ0
2030	11,520,000	3.000	3.000	WA4
2031	11,855,000	5.000	2.880*	WB2
2032	12,455,000	5.000	2.910*	WC0
2033	13,080,000	5.000	2.940*	WD8
2034	13,720,000	5.000	3.000*	WE6
2035	14,420,000	5.000	3.040*	WF3
2036	15,145,000	5.000	3.080*	WG1
2037	15,885,000	5.000	3.120*	WH9
2038	16,695,000	4.000	3.530*	WJ5

* Yield shown is the yield to the first optional call date, August 1, 2028

(Interest to accrue from the Delivery Date)

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

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

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

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

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

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

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

NONE OF THE AUTHORITY, ITS FINANCIAL ADVISOR, OR THE UNDERWRITERS MAKES ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY OR ITS BOOK-ENTRY-ONLY SYSTEM, AS SUCH INFORMATION HAS BEEN PROVIDED BY THE DEPOSITORY TRUST COMPANY.

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

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

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

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

OFFICIAL STATEMENT SUMMARY

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

- THE AUTHORITY**..... The Trinity River Authority of Texas (the “Authority” or “Issuer”) is a governmental agency of the State of Texas and a body politic and corporate, created as a conservation and reclamation district under Article XVI, Section 59 of the Texas Constitution pursuant to Chapter 518, Acts of the 54th Texas Legislature, Regular Session, 1955, as amended. The Authority is governed by a Board (the “Board”) of 25 directors who are appointed by the Governor for six-year terms.
- THE BONDS**..... The Bonds are issued as \$221,930,000 Regional Wastewater System Revenue Improvement and Refunding Bonds, Series 2018. The Bonds are issued as serial bonds maturing on August 1 in each of the years 2019 through 2038 (see “THE BONDS - Description of the Bonds”).
- PAYMENT OF INTEREST** Interest on the Bonds accrues from the date they are initially delivered to the Underwriters, and is payable February 1, 2019 and each August 1 and February 1, thereafter until maturity or prior redemption (see “THE BONDS - Description of the Bonds,”).
- AUTHORITY FOR ISSUANCE** The Bonds are issued pursuant to the provisions of Chapter 518, Acts of the 54th Texas Legislature, Regular Session, 1955, as amended, Chapter 30, Texas Water Code, as amended, Chapters 1207 and 1371, Texas Government Code, as amended, and other applicable laws, and a bond resolution authorizing the issuance of the Bonds (the “Bond Resolution”) adopted by the Board on April 25, 2018. In the Bond Resolution, the Board delegated to an officer of the Authority (the “Authorized Officer”) the authority to complete the sale of the Bonds. The terms of the sale are included in a “Pricing Certificate” which has been approved and executed by the Authorized Officer and which completes the sale of the Bonds (the Bond Resolution and the Pricing Certificate are jointly referred to as the “Resolution”) (see “THE BONDS - Authority for Issuance”).
- SECURITY FOR THE BONDS** The Bonds constitute special obligations of the Authority, payable both as to principal and interest, and secured by a first lien on a pledge of the Net Revenues of the Authority under the Contracts entered into with the Contracting Parties (see “SECURITY AND SOURCE OF PAYMENT”).
- REDEMPTION** The Authority reserves the right, at its option, to redeem Bonds maturing on or after August 1, 2029, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on August 1, 2028 or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see “THE BONDS - Redemption”).
- TAX EXEMPTION**..... In the opinion of Bond Counsel, the interest on the Bonds will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under the caption “TAX MATTERS” herein.
- USE OF PROCEEDS** Proceeds from the sale of the Bonds will be used for the purpose of providing funds (i) to current refund all or part of the junior lien improvement bonds designated as “Trinity River Authority of Texas Central Regional Wastewater System Revenue Bond – Extendable Commercial Paper Mode Series A (Tax-Exempt), (ii) to acquire and construct improvements and extensions to the System, (iii) funding the Reserve Fund and (iv) to pay the costs of issuance of the Bonds.
- RATINGS** The Bonds are rated “AAA” by S&P Global Ratings, a division of S&P Global Inc. (“S&P”), and “AA+” by Fitch Ratings (“Fitch”). The Outstanding Parity Bonds of the Authority are rated “AAA” by S&P and “AA+” by Fitch, each without regard to credit enhancement (see “OTHER INFORMATION - Ratings”).

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

PAYMENT RECORD Neither the Authority nor any of the Contracting Parties have ever defaulted in payment of their bonds.

For additional information regarding the Authority, please contact:

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

or

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

AUTHORITY OFFICIALS, STAFF AND CONSULTANTS

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

Management Officers

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

Consultants and Advisors

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

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OFFICIAL STATEMENT
RELATING TO
\$221,930,000
TRINITY RIVER AUTHORITY OF TEXAS
REGIONAL WASTEWATER SYSTEM
REVENUE IMPROVEMENT AND REFUNDING BONDS, SERIES 2018

INTRODUCTION

This Official Statement, which includes the Schedule and Appendices hereto, provides certain information regarding the issuance of \$221,930,000 Trinity River Authority of Texas Regional Wastewater System Revenue Improvement and Refunding Bonds, Series 2018 (the “Bonds”). Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Resolution (defined herein), except as otherwise indicated herein (see “SELECTED PROVISIONS OF THE RESOLUTION”).

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

Description of the Authority

The Authority is a governmental agency of the State of Texas and a body politic and corporate, created as a conservation and reclamation district under Article XVI, Section 59 of the Constitution pursuant to Chapter 518, Acts of the 54th Legislature of Texas, Regular Session, 1955, as amended. Under the Constitution and the statutes of the State of Texas, the Authority has broad powers to effectuate flood control and the conservation and use, for all beneficial purposes, of storm and flood waters and unappropriated flow waters in the Trinity River watershed, and as necessary aid to these purposes, the Authority has specific authority to construct, own and operate water 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 (the “Board”) of 25 directors who are appointed by the Governor with the advice and consent of the Texas Senate. The first directors were appointed for staggered terms, and directors thereafter have served six-year terms. Three of the directors are appointed from the area-at-large; three directors are from Tarrant County; four are from Dallas County; and one director is from each of the other counties.

PLAN OF FINANCING

Purpose

Proceeds from the sale of the Bonds will be used for the purpose of providing funds (i) to current refund all or part of the junior lien improvement bonds designated as “Trinity River Authority of Texas Central Regional Wastewater System Revenue Bond – Extendable Commercial Paper Mode, Series A (Tax-Exempt) (ii) to acquire and construct improvements and extensions to the System, (iii) funding the Reserve Fund and (iv) to pay the costs of issuance of the Bonds.

Bonds Issued in a Commercial Paper Mode

A portion of the proceeds of the Bonds will be used to current refund all or a part of the Authority's outstanding junior lien improvement bonds designated as Trinity River Authority of Texas Central Regional Wastewater System Revenue Bond – Extendable Commercial Paper Mode, Series A (Tax-Exempt), the "ECP Bonds". It is anticipated that the outstanding ECP Bonds being refunded with a portion of the proceeds of the Bonds will be paid on the date of delivery of the Bonds.

The ECP Bonds are authorized to be issued and outstanding in the aggregate principal amount of \$350,000,000. Of this authorized principal, the Authority currently has \$63,000,000 of ECP Bonds outstanding and anticipates refunding no more than \$63,000,000 of that amount with proceeds from the sale of the Bonds. The ECP Bonds are payable from a pledge of the Net Revenues which is junior and subordinate to the pledge of the Net Revenues securing the Bonds and the Outstanding Parity Bonds and from the proceeds from the sale of ECP Bonds to refinance maturing ECP Bonds and the proceeds of refunding bonds to be issued by the Authority. See "DEBT INFORMATION – Anticipated Issuance of Additional System Revenue Bonds."

Sources and Uses of Bond Proceeds

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

Sources of Funds	
Par Amount of Bonds	\$ 221,930,000.00
Reoffering Premium	30,752,015.50
Total Sources of Funds	<u>\$ 252,682,015.50</u>
Uses of Funds:	
Deposit to Redeem ECP	\$ 63,000,000.00
Deposit to Project Fund	175,557,681.00
Deposit to Reserve Fund	11,512,361.30
Underwriters' Discount	902,500.56
Costs of Issuance	1,709,472.64
Total Uses of Funds	<u>\$ 252,682,015.50</u>

THE BONDS

Description of the Bonds

The Bonds are dated August 15, 2018, and mature on August 1 in each of the years and in the amounts shown on page ii hereof. Interest will accrue from the date they are initially delivered to the Underwriters, will be payable on February 1, 2019 and on August 1 and February 1 of each year thereafter until maturity or prior redemption, and will be computed on the basis of a 360-day year of twelve 30-day months. The definitive Bonds will be issued only in fully registered form in any integral multiple of \$5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds (see "THE BONDS - Book-Entry-Only System" herein).

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

authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

Authority For Issuance

The Bonds are being issued pursuant to the provisions of Chapter 518, Acts of the 54th Texas Legislature, Regular Session, 1955, as amended, Chapter 30, Texas Water Code, as amended, Chapters 1207 and 1371, Texas Government Code, as amended, and other applicable laws, and a bond resolution authorizing the issuance of the Bonds (the “Bond Resolution”) adopted by the Board on April 25, 2018. In the Bond Resolution, the Board delegated to an officer of the Authority (the “Authorized Officer”) the authority to complete the sale of the Bonds. The terms of the sale are included in a “Pricing Certificate” which completes the sale of the Bonds (the Bond Resolution and the Pricing Certificate are jointly referred to as the “Resolution”).

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

The Authority’s unpaid and unrefunded Regional Wastewater System Revenue Bonds, Series 2008, Regional Wastewater System Revenue Refunding Bonds, Series 2008, Regional Wastewater System Revenue Bonds, Series 2009, Regional Wastewater System Revenue Bonds, Series 2010, Regional Wastewater System Revenue Bonds, Series 2010A, Regional Wastewater System Revenue Refunding Bonds, Series 2011, Regional Wastewater System Revenue Bonds, Series 2011A, Regional Wastewater System Revenue Bonds, Series 2012, Regional Wastewater System Revenue Improvement and Refunding Bonds, Series 2013, Regional Wastewater System Revenue Refunding Bonds, Series 2014, Regional Wastewater System Revenue Refunding Bonds, Series 2016, and Regional Wastewater System Revenue Improvement and Refunding Bonds, Series 2017 shall be referred to as “Outstanding Parity Bonds”.

Redemption

The Authority reserves the right, at its option, to redeem Bonds maturing on or after August 1, 2029, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on August 1, 2028, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Bonds are to be redeemed, the Authority may select the maturities of the Bonds to be redeemed. If less than all of the Bonds of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Bonds are in Book-Entry-Only form) shall determine by lot the Bonds, or portions thereof, within such maturity to be redeemed.

Notice of 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 any national information service that disseminates redemption notices; 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 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 Deposit 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 Deposit 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.

The Paying Agent/Registrar and the Authority, so long as a Book-Entry-Only System is used for the Bonds, will send any notice of redemption, notice of proposed amendment to the Resolution or other notices only to DTC. Any failure by DTC to advise any DTC participant, or of any DTC participant or indirect participant to notify the beneficial owner, shall not affect the validity of the redemption of Bonds called for redemption or any other action premised on any such notice. Redemption of portions of the Bonds by the Authority will reduce the outstanding principal amount of such Bonds held by DTC. In such event, DTC may implement, through its Book-Entry-Only System, a redemption of such Bonds held for the account of DTC participants in accordance with its rules or other agreements with DTC participants and then DTC participants and indirect participants may implement a redemption of such Bonds from the beneficial owners. Any such selection of Bonds to be redeemed will not be governed by the Resolution and will not be conducted by the Authority or the Paying Agent/Registrar. Neither the Authority nor the Paying Agent/Registrar will have any responsibility to DTC participants, indirect participants or the persons for whom DTC participants act as nominees, with respect to the payments on the Bonds or the providing of notice to DTC participants, indirect participants, or beneficial owners of the selection of portions of the Bonds for redemption (see “THE BONDS - Book-Entry-Only System”).

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

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.

Defeasance

The Resolution provides for the defeasance of the Bonds when the payment of all amounts due with respect to the Bonds to the due date thereof is provided by irrevocably depositing with the Paying Agent/Registrar or authorized Deposit Agent, in trust (1) money sufficient to make such payment and/or (2) Defeasance Securities to mature as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of the paying agent for the Bonds. The Resolution provides that “Defeasance Securities” means any securities and obligations now or hereafter authorized by State law that are eligible to discharge obligations such as the Bonds. In connection with the pricing of the Bonds, the Authorized Officer restricted the permitted Defeasance Securities to include: (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America and (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the Authority adopts or approves the proceedings authorizing the issuance of refunding obligations, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent. There is no assurance that the ratings for United States Treasury securities acquired to defease any Bonds, or those for any other Government Securities, will be maintained at any particular rating category. The Authority has the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Defeasance Securities for the Defeasance Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the Authority moneys in excess of the amount required for such defeasance.

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

Book-Entry-Only System

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

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

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

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency”

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

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

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

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

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

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

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

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

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

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

Paying Agent/Registrar

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

Transfer, Exchange And Registration

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

Limitation on Transfer of Bonds

The Paying Agent/Registrar shall not be required to make any transfer, conversion or exchange (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.

Record Date for Interest Payment

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

In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a “Special Record Date”) will be established by the Paying Agent/Registrar, if and when

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

Bondholders' Remedies

The Resolution does not specify events of default with respect to the Bonds. If the Authority defaults in the payment of principal, interest, or redemption price on the Bonds when due, or the Authority defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Resolution, the Resolution provides that, in the event of a default or a threatened default in the payment of principal or interest on the Parity Bonds, any court of competent jurisdiction may, upon petition of holders or owners of 25% of the outstanding Parity Bonds, appoint a receiver with authority to collect and receive all income from the System, employ, and discharge agents, employees, and consultants of the Authority, take charge of pledged funds on hand and manage the proprietary affairs of the Authority without consent or hindrance by the Board of the Authority. Such receiver may also be authorized to make contracts for providing water treatment services or renew such contracts with the approval of the court. The Court may vest the receiver with such other powers and duties as the court may find necessary for the protection of the holders or owners of the Parity Bonds. The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the Bonds or the Resolution and the Authority's obligations are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles, so rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. On June 30, 2006, the Texas Supreme Court ruled in *Tooke v. City of Mexia*, 197 S.W. 3d 325 (Tex. 2006), that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Because it is unclear whether the Texas legislature has effectively waived the Authority's sovereign immunity from a suit for money damages, Bondholders may not be able to bring such a suit against the Authority for breach of the Bonds or Resolution covenants in the absence of Authority action. Chapter 1371, Texas Government Code ("Chapter 1371"), which pertains to the issuance of public securities by issuers such as the Authority, permits the Authority to waive sovereign immunity in the proceedings authorizing its bonds, but in connection with the issuance of the Bonds, the Authority has not waived sovereign immunity. Even if a judgment against the Authority could be obtained, it could not be enforced by direct levy and execution against the Authority's property. Further, the registered owners cannot themselves foreclose on property within the Authority or sell property within the Authority to enforce any lien on property to pay the principal of and interest on the Bonds. Furthermore, the Authority is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, such provision is subject to judicial construction. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or Bondholders of an entity which has sought protection under Chapter 9. Therefore, should the Authority avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Bonds are qualified with respect to the customary rights of debtors relative to their creditors.

SECURITY AND SOURCE OF PAYMENT

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

of such funds or accounts required to be accumulated and maintained by the provisions of any Bond Resolution, as defined in the Contracts.

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

Actual net cost to the Contracting Parties for wastewater treatment for fiscal year 2017 was \$2.486 per 1,000 gallons. Estimated net cost of wastewater treatment to the Contracting Parties for billing purposes for fiscal year 2018 is \$2.699 per 1,000 gallons. The estimated net cost for Fiscal Year 2019 is \$2.988 per 1,000 gallons.

Reserve Fund Requirement

There has previously been created a Reserve Fund to be used to finally retire or to pay when due debt service on Outstanding Parity Bonds and any Additional Bonds to the extent the amounts in the Interest and Sinking Fund are insufficient. The Resolution provides that so long as the market value of the money and investments in the Reserve Fund are not less than a “Required Reserve” equal to the average annual principal and interest requirements of the Outstanding Parity Bonds and any Additional Bonds, no deposit to the Reserve Fund is required (see “THE BONDS - Reserve Fund” and “SELECTED PROVISIONS OF THE RESOLUTION”). At delivery of the Bonds, an amount required to fully fund the Required Reserve will be deposited into the Reserve Fund.

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THE SYSTEM

The Plant

The Central Regional Wastewater System (the “System”) is considered a large regional wastewater system currently serving approximately 1.8 million customers in Dallas, Tarrant, Ellis, Johnson, and Denton counties of North Central Texas. The System includes facilities required to transport and treat flow volumes received from portions or all of twenty cities and the Dallas-Fort Worth International Airport. The System has been in continuous operation since the original 30 MGD two stage trickling filter plant (the “Plant”) was placed into operation December 1, 1959. In response to the population growth of the Contracting Parties serviced by the System, the Plant was expanded during the mid-seventies to a 100 MGD capacity when twelve additional Contracting Parties were admitted to the System. In 1987, through the addition of several equipment modifications, the Plant was upgraded to a temporary 115 MGD capacity. In late 1989, construction was initiated on the Phase III Expansion of the Plant to 135 MGD with a capability of meeting more stringent discharge limits. This expansion was completed in mid-1993. Since the Plant was last expanded, the Authority has continued to make process changes and has received an up rating from the Texas Commission on Environmental Quality. The current rated capacity of the Plant is 162 MGD. The Plant receives wastewater via a network of 210 plus miles of interceptor pipeline. These interceptors range in size from 6 to 108 inches in diameter. The flow collected by each interceptor is metered through a series of 139 meter stations distributed throughout the System; these meters are utilized for determining respective flow contributions from each of the Contracting Parties allowing subsequent proportionate segregation of System costs based upon the share of System usage.

In 1992, the Authority completed the first of several planning efforts (each referred to herein as a “System Improvement Plan”) for the System. Development of this initial System Improvement Plan was a scheduled milestone in the Authority’s continued long-term planning efforts for the System. Other subsequent System Improvement Plans were completed in 1998, 2001, 2004, 2007, 2009 and 2012. Generally, the projects contemplated by each System Improvement Plan were completed within three (3) years of commencement.

The 2017 System Improvement Plan identified numerous improvements, including, but not limited to, improvements to the System’s treatment plant and collection system. These improvements will be funded, in part, by future bond issues (See “DEBT INFORMATION – Anticipated Issuance of Additional System Revenue Bonds”).

The National Association of Clean Water Agencies (formerly known as Association of Metropolitan Sewerage Agencies) recognized the System and the Authority with Platinum Awards for Peak Performance for the years 2007 through 2016. This Platinum Award recognized the Authority for its 100% compliance with NPDES permits over a consecutive five-year period. Aside from the awards received by the Plant, the System has received national recognition within the industry for three innovative projects:

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

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

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Central Regional Wastewater System Enterprise Fund

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Total Operating Revenue	\$125,629,189	\$115,782,020	\$111,120,851	\$105,230,590	\$91,202,165
Operating Expenses (Exclusive of Depreciation)	(51,092,981)	(61,696,838)	(50,051,544)	(38,056,942)	(36,427,588)
Net Non-Operating Revenues/(Expenses) (Exclusive of Interest and Amortization Expenses)	<u>(1,558,069)</u>	<u>(677,019)</u>	<u>588,116</u>	<u>1,677,537</u>	<u>299,442</u>
Net Funds Available for Debt Service	\$72,978,139	\$53,408,163	\$61,657,423	\$68,851,185	\$55,074,019

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

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DEBT INFORMATION

Proforma Debt Service Requirements

Fiscal Year	Outstanding Parity Bonds Debt Service ⁽¹⁾			The Bonds			Total
Ending	Principal	Interest	Total	Principal	Interest	Total	Outstanding
November 30							Debt Service
2019	\$ 42,045,000	\$ 31,060,746	\$ 73,105,746	7,950,000	9,409,747	\$ 17,359,747	\$ 90,465,493
2020	44,130,000	29,574,556	73,704,556	7,135,000	10,221,650	17,356,650	91,061,206
2021	45,725,000	27,953,934	73,678,934	7,495,000	9,864,900	17,359,900	91,038,834
2022	46,970,000	26,287,933	73,257,933	7,875,000	9,490,150	17,365,150	90,623,083
2023	48,940,000	24,599,188	73,539,188	8,255,000	9,096,400	17,351,400	90,890,588
2024	50,770,000	22,866,231	73,636,231	8,590,000	8,763,650	17,353,650	90,989,881
2025	54,430,000	21,068,309	75,498,309	9,025,000	8,334,150	17,359,150	92,857,459
2026	56,755,000	19,069,494	75,824,494	9,475,000	7,882,900	17,357,900	93,182,394
2027	59,180,000	16,958,098	76,138,098	9,940,000	7,409,150	17,349,150	93,487,248
2028	63,725,000	14,518,383	78,243,383	10,445,000	6,912,150	17,357,150	95,600,533
2029	62,120,000	11,855,452	73,975,452	10,970,000	6,389,900	17,359,900	91,335,352
2030	64,995,000	9,737,564	74,732,564	11,520,000	5,841,400	17,361,400	92,093,964
2031	67,725,000	7,505,861	75,230,861	11,855,000	5,495,800	17,350,800	92,581,661
2032	69,510,000	5,317,829	74,827,829	12,455,000	4,903,050	17,358,050	92,185,879
2033	21,485,000	3,092,593	24,577,593	13,080,000	4,280,300	17,360,300	41,937,893
2034	14,070,000	2,200,528	16,270,528	13,720,000	3,626,300	17,346,300	33,616,828
2035	9,835,000	1,551,175	11,386,175	14,420,000	2,940,300	17,360,300	28,746,475
2036	10,330,000	1,059,520	11,389,520	15,145,000	2,219,300	17,364,300	28,753,820
2037	10,845,000	543,115	11,388,115	15,885,000	1,462,050	17,347,050	28,735,165
2038	5,000	960	5,960	16,695,000	667,800	17,362,800	17,368,760
2039	5,000	805	5,805	-	-	-	5,805
2040	5,000	650	5,650	-	-	-	5,650
2041	5,000	488	5,488	-	-	-	5,488
2042	5,000	325	5,325	-	-	-	5,325
2043	5,000	163	5,163	-	-	-	5,163
	<u>\$ 843,615,000</u>	<u>\$ 276,823,895</u>	<u>\$ 1,120,438,895</u>	<u>\$ 221,930,000</u>	<u>\$ 125,211,047</u>	<u>\$ 347,141,047</u>	<u>\$ 1,467,579,942</u>

⁽¹⁾ Outstanding Debt Service based on the following Principal by Series as of August 1, 2018:

Series 2009	\$ 17,305,000
Series 2010	96,105,000
Series 2010A	122,005,000
Series 2011 Ref	9,700,000
Series 2011A	100,255,000
Series 2012	60,830,000
Series 2013 Ref	17,810,000
Series 2014 Ref	57,045,000
Series 2016 Ref	83,430,000
Series 2017 Ref	279,130,000
Total	<u>\$ 843,615,000</u>

Anticipated Issuance of Additional System Revenue Bonds

The System anticipates issuing approximately \$576 million in bonds over the next five years.

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SELECTED CONTRACT PROVISIONS

Following is a summary of certain provisions of the Contracts. Certain provisions, including dates and other time references discussed below, are as expressly specified in the Contracts and have not been revised to reflect more recent dates or time periods. Certain provisions may differ slightly between Contracts in order to suit each Contracting Party's particular needs. Reference is hereby made to the full and complete Contracts. For additional information, copies of the Contracts are available upon request from the Financial Advisor.

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

Parties and Terms

The Authority has entered into contracts with the following Contracting Parties (the "Contracts"), with the effective date of each contract being as designated below:

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

Certain Definitions

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

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

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

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

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

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

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

"Contracting Party" or "Contracting Parties" means one or more of the following: the Town of Addison, the cities of Arlington, Bedford, Carrollton, Cedar Hill, Colleyville, Coppell, Dallas, Duncanville, Euless, Farmers Branch, Fort

Worth, Grand Prairie, Grapevine, Hurst, Irving, Keller, Mansfield, North Richland Hills, Southlake, and the Dallas/Fort Worth International Airport Board.

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

“Month” means calendar month.

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

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

Fiscal Provisions of the Contracts

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

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

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

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

Payments by Contracting Party.

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

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

The following tabulation was applied for Fiscal Year ending November 30, 2017. Each Contracting Party's Annual Payment for the Fiscal Year 2017 was calculated by multiplying said Contracting Party's percentage from the following tabulation times the Annual Requirement.

Contracting Party	2017 Daily Contributing Flow (million gallons) FY 2017	Actual FY 2017 Percentage of Total
Addison	1.597	1.214%
Arlington	34.621	26.315%
Bedford	4.084	3.104%
Carrollton	11.878	9.028%
Cedar Hill	0.513	0.390%
Colleyville	2.949	2.242%
Coppell	3.648	2.773%
DFW Airport	1.772	1.347%
Dallas	7.075	5.378%
Duncanville	0.115	0.088%
Eules	3.621	2.752%
Farmers Branch	4.482	3.407%
Fort Worth	3.040	2.311%
Grand Prairie	15.696	11.930%
Grapevine	1.267	0.963%
Hurst	0.305	0.232%
Irving	24.306	18.474%
Keller	2.448	1.860%
Mansfield	5.302	4.030%
North Richland Hills	0.775	0.589%
Southlake	2.070	1.573%
	131.564	100.000%

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Obligations of Contracting Party. The Authority shall never have the right to demand payment by the Contracting Party of any obligation assumed or imposed on it under and by virtue of the Contract from funds raised or to be raised by taxation, it being expressly understood by the parties hereto that all payments due by the Contracting Party under the Contract are to be made from the revenues and income received by the Contracting Party from its waterworks and sanitary sewer systems, as authorized by Section 402.023, Texas Local Government Code, or Chapter 30, Texas Water Code.*

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

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

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

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

SELECTED PROVISIONS OF THE RESOLUTION

THE FOLLOWING ARE SELECTED PROVISIONS OF THE RESOLUTION. THE SELECTED PROVISIONS ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE FULL AND COMPLETE DOCUMENT.

References to “Sections” and “this Resolution” in the below provisions refer to the document from which such selected provision was taken unless the context requires otherwise.

ARTICLE I DEFINITIONS OF TERMS

Section 1.01. DEFINITIONS OF TERMS. 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 Issuer.
- (d) “Board of Issuer” or “Board” means the Board of Directors of the Issuer.
- (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 Issuer, selected by the Issuer.
- (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 Issuer may contract with in the future to provide service from the System.
- (h) “Code” means the United States Internal Revenue Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto.
- (i) “Contracting Parties” means the Cities and the Airport Board, and other parties the Issuer may contract with in the future to provide service from the System.
- (j) “Contracts” means the contracts between the Issuer and the Contracting Parties with respect to the services of the System.
- (k) “Depository” means the bank or banks which the Issuer 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 Issuer 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 Issuer.
- (n) “Independent Consulting Engineer” means the Engineer or engineering firm or corporation at the time employed by the Issuer as originally described under the provisions of Section 5.13 of the 1973 Bond Resolution.

(o) "Outstanding Parity Bonds" means the Issuer's unpaid and unrefunded "Regional Wastewater System Revenue Bonds, Series 2008", "Regional Wastewater System Revenue Refunding Bonds, Series 2008", "Regional Wastewater System Revenue Bonds, Series 2009", "Regional Wastewater System Revenue Bonds, Series 2010", "Regional Wastewater System Revenue Bonds, Series 2010A", "Regional Wastewater System Revenue Refunding Bonds, Series 2011", "Regional Wastewater System Revenue Bonds, Series 2011A", "Regional Wastewater System Revenue Bonds, Series 2012", "Regional Wastewater System Revenue Improvement and Refunding Bonds, Series 2013", "Regional Wastewater System Revenue Refunding Bonds, Series 2014" and "Regional Wastewater System Revenue Refunding Bonds, Series 2016", "Regional Wastewater System Revenue Improvement and Refunding Bonds, Series 2017" and, if and to the extent issued prior to the delivery of the Bonds, bonds issued pursuant to Resolution No. R-1491 of the Board adopted on October 25, 2017.

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

(q) "Paying Agent/Registrar" means the legally qualified bank, trust company, financial institution, or other agency named in the Pricing Certificate to act as and perform the services of Paying Agent/Registrar for the Bonds, or its successor.

(r) "Pricing Certificate" means the certificate executed by the Pricing Officer pursuant to the terms of Section 2.02.

(s) "Pricing Officer" means the General Manager of the Issuer as designated in Section 2.02(b).

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

(u) "System" means all of the Issuer'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 Issuer 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 Issuer's facilities located within the boundaries of the Dallas-Fort Worth International Airport and defined as the "System" in the contract between Issuer 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 Issuer acting as a signatory to the State of Texas Water Pollution Control Compact, or any of the facilities designated as Issuer's Ten Mile Creek System, or Walker-Calloway Project, or any other facilities of the Issuer the revenues from which are not pledged to the payment of the Bonds or Additional Bonds.

(v) "1973 Bond Resolution" means, as amended, the resolution which authorized the Series 1973 Bonds.

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 Issuer under the Contracts.

Section 3.03. PLEDGE. (a) The Contracts provide for the payment by the Cities and the Airport Board to the Issuer 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 Issuer'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 Issuer from the Cities and the Airport Board under the Contracts after deducting therefrom the amounts paid to the Issuer 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, Texas Government Code, applies to the issuance of the Bonds and the pledge of the revenues granted by the Issuer under this section, and is therefore valid, effective, and perfected. If Texas law is amended at any time while the Bonds are outstanding and unpaid such that the pledge of the revenues granted by the Issuer under this section is to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, then in order to preserve to the registered owners of the Bonds the perfection of the security interest in said pledge, the Issuer agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Texas 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 any accrued interest received from the sale of the Bonds; and

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

Section 4.02. **RESERVE FUND.** There is now on deposit in the Reserve Fund created by the 1973 Bond Resolution an amount of money and investments in market value at least equal to the average annual principal and interest requirements of the Outstanding Parity Bonds. Immediately after the delivery of the Bonds, if required, there shall be deposited into said Reserve Fund from the proceeds from the sale of the Bonds, an amount which, together with the amount now contained therein, will cause said Reserve Fund to contain an amount of money and investments in market value equal to the average annual principal and interest requirements of the Outstanding Parity Bonds and the Bonds, being all of the bonds which will be outstanding and payable from a first lien on the 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 Issuer 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 Issuer 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 Issuer 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 Issuer 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 Issuer 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 Issuer 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 Issuer fiscal year.

ARTICLE V BOND PROCEEDS

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

Section 5.02. Interest earnings derived from the investment of proceeds from the sale of the Bonds (which investments shall be made as permitted by the Act), other than proceeds deposited in accordance with Sections 4.01, 4.02, and 4.03 hereof or used to refund the Refunded Obligations, 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 Issuer, and the holder or holders thereof shall never have the right to demand payment of said obligations out of any funds raised or to be raised by the levy of taxes, or from any source other than as provided in this Resolution.

ARTICLE VII COVENANTS REGARDING TAX-EXEMPTION

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

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

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

(c) to take any action to assure that no amount which is greater than the lesser of \$5,000,000, or 5 percent of the proceeds of the Bonds (less amounts deposited into a reserve fund, if any) is directly or

indirectly used to finance loans to persons, other than state or local governmental units, in contravention of section 141(c) of the Code;

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

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

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

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

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

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

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

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

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

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

Section 7.02. INTEREST EARNINGS ON BOND PROCEEDS. Interest earnings derived from the investment of proceeds from the sale of the Bonds shall be used along with other bond proceeds for the purpose for which the Bonds are issued, as set forth in Section 2.01 hereof; provided that after completion of such purpose, if any of such interest earnings remain on hand, such interest earnings shall be deposited in the Interest and 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 Section 7.01 hereof in order to prevent the Bonds from being arbitrage bonds shall be so rebated and not considered as interest earnings for the purposes of this Section.

Section 7.03. **DISPOSITION OF PROJECT.** The Issuer covenants that the property constituting the Project financed with the proceeds of the Refunded Obligations 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 and Chief Financial Officer of the Issuer and all other officers, employees and agents of the Issuer, and each of them, shall be and they are hereby expressly authorized, empowered and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge and deliver in the name and under the corporate seal and on behalf of the Issuer a Letter of Representation with DTC regarding the Book-Entry Only System, the Paying Agent/Registrar Agreement with the Paying Agent/Registrar and all other instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Resolution, the Letter of Representation, the Bonds, the sale of the Bonds and the Official Statement. Notwithstanding anything to the contrary contained herein, while the Bonds are subject to DTC's Book-Entry Only System and to the extent permitted by law, the Letter of Representation is hereby incorporated herein and its provisions shall prevail over any other provisions of this Resolution in the event of conflict. In case any officer whose signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

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 Contracting Parties, the Issuer and the Contracting Parties have undertaken for the benefit of the beneficial owners of the Bonds, to the extent set forth therein, to provide continuing disclosure of financial information and operating data with respect to the Contracting Parties in accordance with the Rule as promulgated by the SEC.

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

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

7. Modifications to rights of holders of the Bonds, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Issuer;
13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
14. Appointment of a successor Paying Agent/Registrar or change in the name of the Paying Agent/Registrar, if material.

ARTICLE X
MISCELLANEOUS

Section 10.01. EXPIRATION OF AUTHORIZATION. The authority of the Pricing 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 10.02. 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.

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THE AUTHORITY

The Authority's Activities

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

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

3. *Revenue Based Projects.* The Authority, without collecting any property taxes, has implemented service projects serving cities, communities and other special districts throughout the Trinity River Basin. The majority of these funds for these projects have come from the sale of tax exempt contract service revenue bonds, service payments from customers, federal grants and long term federal loans. The Authority has responsibility for operating certain of these projects (referred to below as "Operating"). Projects referred to below as "Non-Operating" require a limited amount of Authority personnel involvement and are primarily financing arrangements with the entities. These projects and those served include:

The Authority's Revenue-Based Projects

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

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

The Future Role of the Authority

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

1. Master Planning.

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

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

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

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

5. Tax Based Services. If there is public support, the Authority will seek to obtain some form of tax-based support for specific programs which should be implemented for comprehensive management of the basin's soil and water

resources: conservation of the use of water, soil conservation, water oriented recreation and adequate public access to the river and basin lakes, greenbelts, preservation of natural areas, fish and wildlife mitigation, coordination of floodwater reservoir releases, and full dissemination of flood plain information under the Flood Insurance Act throughout the Authority's territory. At this time the Authority has no plans to pursue any form of tax based support for these programs.

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

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

Pension Plan

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

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Other Outstanding Indebtedness of the Authority

The Authority has Outstanding Bonds which are listed below. The Outstanding Bonds are System or Project specific and payable from each of the related System's or Project's Pledged Revenues. See "SECURITY AND SOURCE OF PAYMENT."

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Total Outstanding Principal by System/Project:	Outstanding September 12, 2018
Central Regional Wastewater System	\$ 843,615,000 ⁽¹⁾
Denton Creek Regional Wastewater Treatment System	122,340,000
Denton Creek Wastewater Interceptor(Fort Worth Project)	175,000
City of Fort Worth Water & Wastewater Transmission Contract (Sendera Ranch Project)	2,930,000
Trinity River Authority of Texas (General Improvement Project of The Authority)	3,181,781
Huntsville Regional Water Supply System	8,120,000
Livingston Regional Water Supply Project	19,990,000
Mountain Creek Regional Wastewater System	19,810,000
Northeast Lakeview Wastewater Transportation Project	9,110,000
Red Oak Creek Regional Wastewater System	75,080,000
Tarrant County Water Project	116,220,000
Ten Mile Creek Regional Wastewater System	134,150,000
Town of Flower Mound Wastewater Transportation Project	3,310,000
Trinity County Regional Water Supply System Project	645,000
Walker Calaway System	6,530,000
SUB-TOTAL	\$ 1,365,206,781
The Bonds	\$ 221,930,000
SUB-TOTAL	\$ 221,930,000
TOTAL	\$ 1,587,136,781

The Authority has one outstanding conduit debt issue for Community Waste Disposal, L.P. The company makes debt service payments through Wells Fargo Bank, as the trustee. The Authority has no obligation for this debt.

Outstanding Principal - Conduit Debt:	Outstanding September 12, 2018
Community Waste Disposal, L.P.	\$ 21,640,000

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

Outstanding Principal - Project:	Outstanding September 12, 2018
Bardwell Reservoir (City of Ennis and Ellis Co. WCID#1)	\$ 573,877
Joe Pool Lake ARRA Costs	133,551
Wallisville Lake (City of Houston)	8,642,170
TOTAL	\$ 9,349,597

Cost-Share Liability Pay-off	Outstanding September 12, 2018
Lake Livingston (City of Houston)	\$ 80,196,374 ⁽²⁾

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

⁽²⁾ This figure represents the Authority's contingent liability associated with Lake Livingston's initial project cost plus annual operation and maintenance expenses. In connection with original agreements to construct Lake Livingston, the available yield of Lake Livingston was divided 70% for the City of Houston and 30% for the Authority. The Authority was responsible for 30% of the initial project cost plus annual operation and maintenance costs; its payments, however, were expressly based on the Authority's water sales from the Lake – the Authority would pay Houston \$2.20 per acre-foot of water sold by the Authority. The liability is considered a contingent liability because it is required to be paid only from the sale of water. However, the liability continues to accumulate because the \$2.20 per acre-foot fee is insufficient for the Authority to retire its 30% of annual costs of operating and maintaining Lake Livingston. In 2016, Houston and the Authority agreed to use the charges due from Houston to the Authority for water sales as a "credit" against this liability which will allow the Authority to retire the contingent liability by 2040 (or possibly sooner if the City of Houston exercises its rights to increase the maximum amount of water it is able to purchase from Lake Livingston).

TAX MATTERS

Opinion

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

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

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

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

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

Federal Income Tax Accounting Treatment of Original Issue Discount

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

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

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond in

the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Bond was held by such initial owner) is includable in gross income.

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

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

Collateral Federal Income Tax Consequences

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

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

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

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

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

State, Local and Foreign Taxes

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

Information Reporting and Backup Withholding

Subject to certain exceptions, information reports describing interest income, including original issue discount, with respect to the Bonds will be sent to each registered holder and to the IRS. Payments of interest and principal may be subject to backup withholding under section 3406 of the Code if a recipient of the payments fails to furnish to the payor such owner's social security number or other taxpayer identification number ("TIN"), furnishes an incorrect TIN, or otherwise fails to establish an exemption from the backup withholding tax. Any amounts so withheld would be allowed as a credit against the recipient's federal income tax. Special rules apply to partnerships, estates and trusts, and in certain circumstances, and in respect of Non-U.S. Holders, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

Future and Proposed Legislation

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

CONTINUING DISCLOSURE OF INFORMATION

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

Annual Reports

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

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

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

Disclosure Event Notices

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

As used in clause (12) in the preceding paragraph, the phrase “bankruptcy, insolvency, receivership or similar event” means the appointment of a receiver, fiscal agent or similar officer for the Authority in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court of governmental authority has assumed jurisdiction over substantially all of the assets or business of the Authority, or if jurisdiction has been assumed by leaving the Board and officials or officers of the Authority in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Authority. In addition, the Contracting Parties will provide timely notice of any failure by the Contracting Parties to provide information, data, or financial statements in accordance with its agreement described above under “Annual Reports.” The Authority or the Contracting Parties will provide each notice described in this paragraph to the MSRB.

Availability of Information

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

Limitations and Amendments

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

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

or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds. If the Authority or the Contracting Parties so amend the agreement, the Contracting Parties have agreed to include with the next financial information and operating data provided in accordance with their respective agreement described above under “Annual Reports” an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

Compliance with Prior Undertakings

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

Authority. During the last five years, the Authority has complied in all material respects with all continuing disclosure undertakings made by it relating to bonds issued for the System in accordance with the Rule.

Contracting Parties. During the last five years, each of the Contracting Parties has complied in all material respects with its respective undertaking to provide financial information and operating data of the general type included in Appendix B to this Official Statement within six months of the end of its respective fiscal year.

With respect to the Contracting Parties' obligations to file their audited financial statements within six months of the end of the Contracting Party's fiscal year, if audited financial statements of a Contracting Party were not available to be filed within such time period, the Contracting Party typically provided certain financial information and operating data by the specified date but most of the Contracting Parties did not file formal unaudited financial statements by such date. The Contracting Parties timely filed their respective audited financial statements when available (after local government approval) except as to the following: the audited financial statements for the Town of Addison for the fiscal years ending 2015 were filed with EMMA on 5/2/16; the audited financial statements for the City of Arlington, Texas for the fiscal years ending 2013 were filed with EMMA on 5/22/2014; the audited financial statements for the City of Cedar Hill, Texas for the fiscal years ending 2013 and 2014 were filed with EMMA on 8/21/2014, and 8/11/2015, respectively; the audited financial statements for the City of Dallas, Texas for the fiscal years ending 2014, 2015, and 2016 were filed with EMMA on 6/1/2015, 6/10/2016, and 6/27/2017, respectively and the audited financial statements for the City of Keller, Texas for the fiscal year ending 2015 were filed with EMMA on 5/11/2016. In most instances, the applicable Contracting Party did not file a notice of late filing. The referenced filing dates for the audited financial statements are the earliest dates for which such financial statements were filed on EMMA and such financial statements may not have been immediately linked to the applicable System revenue bonds.

The filings of audited financial statements noted above are also applicable to the Contracting Parties non-System related undertakings. In addition, during the last five years, the cities of Arlington, Cedar Hill, Dallas, and Irving did not provide timely notice of rating changes related to their respective underlying or insured revenue or general obligation debt. Certain of the Contracting Parties did not file certain tables containing operating information under their non-System related undertakings.

The information in the preceding paragraphs with respect to the Contracting Parties has been included based upon publicly filed information available on EMMA and other publicly available sources.

OTHER INFORMATION

Ratings

The Bonds are rated “AAA” by S&P Global Ratings, a division of S&P Global Inc. (“S&P”) and “AA+” by Fitch Ratings (“Fitch”). The Outstanding Parity Bonds of the Authority are rated “AAA” by S&P and “AA+” by Fitch, each without regard to credit enhancement. An explanation of the significance of such ratings may be obtained from the company furnishing the rating. The ratings reflect only the respective views of such organizations and the Authority makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by either or both of such rating companies, if in the judgment of either or both of such companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

Litigation

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

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

Registration and Qualification of Bonds for Sale

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

Legal Investments and Eligibility to Secure Public Funds in Texas

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

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

Legal Matters

The Authority will furnish a complete transcript of proceedings relating to the authorization and issuance of the Bonds, including the approving legal opinion of the Attorney General of Texas approving the Bonds and to the effect that the Bonds are valid and legally binding special obligations of the Authority and, based upon examination of such transcript of proceedings, the approving legal opinion of Bond Counsel, to like effect and to the effect that the interest on the Bonds will be excludable from gross income for federal income tax purposes under Section 103(a) of the Code, subject to the matters described under "TAX MATTERS" herein. Though it represents the Financial Advisor and the Underwriters from time to time in matters unrelated to the issuance of the Bonds, Bond Counsel has been engaged by and only represents the Authority in the issuance of the Bonds. Bond Counsel was not requested to participate, and did not take part, in the preparation of the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify and of the information contained therein, except that, in its

capacity as Bond Counsel, such firm has reviewed the information in the Official Statement under the captions “PLAN OF FINANCING” (excluding the information under the subcaption “Sources and Uses of Bond Proceeds”), “THE BONDS” (excluding the information under the subcaption “Book-Entry-Only System”), “SECURITY AND SOURCE OF PAYMENT,” “SELECTED CONTRACT PROVISIONS,” “SELECTED PROVISIONS OF THE RESOLUTION,” “TAX MATTERS,” “CONTINUING DISCLOSURE OF INFORMATION” (excluding the information under the subcaption “Compliance with Prior Undertakings”), and the subcaptions “Registration and Qualification of Bonds for Sale,” “Legal Investments and Eligibility to Secure Public Funds in Texas” and “Legal Matters” (excluding the last sentence of the first paragraph thereof) under the caption “OTHER INFORMATION,” and such firm is of the opinion that the information relating to the Bonds and the legal issues contained under such captions and subcaptions is an accurate and fair description of the laws and legal issues addressed therein and, with respect to the Bonds, such information conforms to the Resolution. The legal fee to be paid to Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent on the sale and delivery of the Bonds. The legal opinion will accompany the Bonds deposited with DTC or will be printed on the Bonds in the event of the discontinuance of the Book-Entry-Only System. Certain legal matters will be passed upon for the Underwriters by their counsel, Norton Rose Fulbright US LLP, Dallas, Texas, whose legal fee for services rendered in connection with the issuance of the Bonds is contingent on the sale and delivery of the Bonds.

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

Authenticity of Financial Data and Other Information

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

Financial Advisor

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

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

Underwriting

The Underwriters have agreed, subject to certain conditions, to purchase the Bonds from the Authority at a purchase price of \$251,779,514.94 which represents the par amount of the Bonds, plus a premium of \$30,752,015.50, less an Underwriters’ discount of \$902,500.56, and no accrued interest. The Underwriters’ obligations are subject to certain conditions precedent, and they will be obligated to purchase all of the Bonds if any of the Bonds are purchased. The Bonds may be offered and sold to certain dealers and others at prices lower than such public offering prices, and such public prices may be changed from time to time by the Underwriters.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Underwriters and their respective

affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the Authority for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Authority.

J.P. Morgan Securities LLC, (“JPMS”), one of the Underwriters of the Bonds, has entered into negotiated dealer agreements (each, a “Dealer Agreement”) with each of Charles Schwab & Co., Inc. (“CS&Co.”) and LPL Financial LLC (“LPL”) for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Bond that such firm sells.

Citigroup Global Markets Inc., an underwriter of the Bonds, has entered into a retail distribution agreement with Fidelity Capital Markets, a division of National Financial Services LLC (together with its affiliates, “Fidelity”). Under this distribution agreement, Citigroup Global Markets Inc. may distribute municipal securities to retail investors at the original issue price through Fidelity. As part of this arrangement, Citigroup Global Markets Inc. will compensate Fidelity for its selling efforts.

One of the Underwriters is BOK Financial Securities, Inc., which is not a bank, and the Bonds are not deposits of any bank and are not insured by the Federal Deposit Insurance Corporation.

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

Forward-Looking Statements Disclaimer

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

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

Miscellaneous

The Pricing Certificate (which has been executed by an Authorized Officer of the Authority) is a part of the Resolution authorizing the issuance of the Bonds and approves the form and content of the Official Statement and any addenda, supplement or amendment thereto, and authorizes its further use in the reoffering of the Bonds by the Underwriters.

TRINITY RIVER AUTHORITY OF TEXAS

/s/ J. Kevin Ward

J. KEVIN WARD

General Manager and Authorized Officer

APPENDIX A

BIOGRAPHICAL INFORMATION

Board of Directors
and
Management Officers

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BOARD OF DIRECTORS

CHRISTINA MELTON CRAIN of Dallas, Texas (president and member, executive committee). Crain is an attorney and president of Christina Melton Crain, PC. She is a director of the State Bar of Texas and a trustee of the Dallas Bar Foundation. She is a member of the Texas Transportation Advisory Committee, the University of Texas at Austin Chancellor's Council and the College of Liberal Arts Advisory Council. Crain is an executive board member of Big Brothers Big Sisters Lone Star and co-founder of Amachi Texas, a mentoring program for children of the incarcerated. She is director of the Texas Regional Advisory Board for the National Center for Missing and Exploited Children. She is chairwoman of Dallas DOORS, a nonprofit organization serving the formerly incarcerated and their families. She is chairwoman of the Dallas County Criminal Justice Advisory Board Re-entry Council. Crain is a member of the University of Texas at Dallas Center for Vital Longevity Advisory Council and a member of Altrusa International Inc. of Downtown Dallas. Crain serves as the prison representative to the UT Southwestern Medical Center Institutional Review Board. She is director of the Oklahoma City University School of Law Executive Board as well as director of the Patriot PAWS Service Dogs Organization. Crain is past chairwoman of the Texas Board of Criminal Justice and of the Windham School District board of trustees. She is past president of the Dallas Bar Association, the Dallas Women Lawyers Association and the Dallas Association of Young Lawyers. She is a former member of the Texas Correctional Managed Healthcare Committee and an alumna of Leadership Texas and Leadership Dallas. She is a former director of the Baylor Healthcare System Foundation. Crain is a sustainer of the Junior League of Dallas and a former member of the Texas Exes Council of the University of Texas at Austin. Crain received a bachelor's degree from the University of Texas at Austin and a law degree from the Oklahoma City University School of Law. Crain was appointed as director for Dallas County in 2013.

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

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

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

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

committee from 2007-2009 and chairman of the legal committee from 2009-2013. Jenkins was reappointed as director at large in 2009.

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

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

HAROLD L. BARNARD of Waxahachie, Texas (member, legal and public policy committee). Barnard is president and managing officer of Ellis County Abstract and Title Company Inc. In addition to being a member of the Texas Land Title Association and the Texas Association of Abstract and Title Agents, he is past president of the Waxahachie Chamber of Commerce and past director and president of the Ellis County Museum board of directors. He is a past director and president of the Waxahachie Foundation Inc. Barnard earned a bachelor's degree from the University of Texas at Arlington. He was reappointed as director for Ellis County in 2013.

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

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

STEVE CRONIN of Shepherd, Texas (member, resources development committee). Cronin is an Agricultural Science teacher at Shepherd Independent School District and the owner of Magnolia Farms Sheep Farm. He is a member of the Vocational Agricultural Teachers Association of Texas. He is secretary/treasurer and past president of the County Farm Bureau, member of National Wild Turkey Federation an SJC, Advisor of Shepherd FFA Booster Club and on the San Jacinto County Fair Association Committee. He is a San Jacinto County 4-H leader, teaches hunter education classes through the Texas Parks and Wildlife Department. Cronin served more than seven years as an agriculture field representative for the Texas Farm Bureau and more than seven years as an agriculture extension agent for the Texas A&M University System. He received a bachelor's and a master's degree from Sam Houston State University. Cronin was reappointed as director for San Jacinto County in 2011.

AMANDA B. DAVIS of Buffalo, Texas (member, legal and public policy committee). Davis is a retired school administrator in the Buffalo Independent School District and member of the Texas Association of School Administrators, Texas Association of Secondary School Principals, Texas Elementary Principals and Supervisors Association, and Texas Association of Mediators. She is also a member of the State Bar of Texas Alternative Dispute Resolution Section, Texas Mediation Trainers Roundtable and Texas Farm Bureau. Davis received a bachelor's degree from Sam Houston State University, a master's degree in educational leadership and conflict resolution from Abilene Christian University and completed her superintendent certification from the University of Texas at Tyler. She was reappointed to serve for Leon County until March 15, 2017.

MARTHA A. HERNANDEZ of Burleson, Texas (member, legal and public policy committee). Hernandez is a retired nutritionist and jailor for the Tarrant County Sheriff's Department. She is a member of Congressman Joe Barton's Advisory Committee. Hernandez is past president of the Burleson Heritage Foundation and the Burleson Garden Club. She is also past chairman of the City of Burleson Parks Board and the Burleson Public Library Board, and she served on the Tarrant County Grand Jury. Hernandez volunteered for the U.S. Secret Service detail for a national political convention and has served at election polls since 1972. Hernandez served as a board member and organizer of the Fiesta de Burleson Cinco de Mayo Celebration from 1997 to 2003. She earned a bachelor's degree from Texas Wesleyan University. Hernandez was reappointed as director for Tarrant County in 2013.

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

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

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

JAMES W. NEALE of Dallas, Texas (member, resources development committee). Neale is president and owner of Quorum Energy Company, an exploration and production company in the oil and gas business. He is chairman of the District 9 advisory council for the Dallas Independent School District and a member of the Trinity Trust Foundation. Neale served as executive assistant to Governor Bill Clements and as an executive committee member for the Dallas Blue Foundation. He served a term as foreman for the Dallas County Grand Jury in January 2005. Neale earned a bachelor's degree from the University of Texas in Austin. Neale was reappointed as director for Dallas County in 2013.

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

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

AMIR RUPANI of Dallas, Texas (member, administration and audit committee). Rupani is chief executive officer and president of King Import Warehouse. He is also president and chief executive officer of Texas Prince Inc. He serves as chairman of the Greater Dallas Asian American Chamber of Commerce and on the board of directors for the World Affairs Council in Dallas/Fort Worth. Formerly, he served on the board of directors for the Dallas Convention and Visitor's Bureau, the Dallas Citizens Council, the Dallas Assembly and the Dallas Planning and Zoning Board. He is the founder, organizer and former president of One World Holding Inc. and former chairman of One World Bank. Rupani was named Businessman of the Year in 2005 by the Pakistan American Congress in Washington, D.C. He received the Pioneer Award in 2006 from the Dallas/Fort Worth Asian American Citizens Council and the Minority Business Leader Award in 2008 from the Dallas Business Journal. Under his leadership, King Import Warehouse was named Exemplary Importer/Exporter Firm of the Year in 2004 by the Minority Business Development Agency, a branch of the U.S. Department of Commerce. King Import Warehouse was named the Fastest Growing Company in Dallas by the Cox School of Business at Southern Methodist University in 2004. Rupani attended City College of Karachi in Pakistan. Rupani was reappointed as director at large in 2013.

ANA LAURA SAUCEDO of Dallas, Texas (member, utility services committee). Saucedo invests in residential property. She is a former news reporter for KLIF and KRLD radio in Dallas. Saucedo worked for the Office of Minority Business Enterprise, and the Department of Commerce and was instrumental in developing the Texas Association of Mexican American Chambers of Commerce and the U. S. Hispanic Chamber of Commerce. She spent twelve years volunteering with the Parent Teacher Association and was awarded a Life Member Honor by the Socorro Independent School District in El Paso, Texas. She was elected trustee of Socorro ISD and was appointed to the Texas Commission on Human Rights. She is currently the president of the Pike Park Preservation League and coordinates cultural and historical activities at one of the oldest parks in Dallas. Saucedo was reappointed as director for Dallas County in 2013.

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

J. CAROL SPILLARS of Madisonville, Texas (member, administration and audit committee). Spillars is a file manager for Linebarger Goggan Blair & Sampson, LLP and co-owner of Spillars Family JKBar Ranch. She retired from Madisonville Consolidated Independent School District after 26 years of service. Spillars is a past member of the Texas Association of School Business Officials and the Texas Association of School Boards. She is a certified educational office professional and a certified Texas school business specialist. Spillars was reappointed as director for Madison County in 2013.

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

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

MANAGEMENT OFFICERS

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

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

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

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

FIONA M. ALLEN, P.E., regional manager, Northern Region. Allen joined the TRA in March 2011. She is responsible for the planning, development, and operations of the Authority's water and wastewater systems in the northern region. Following eight years of consulting engineering experience early in her career, she joined the city of Arlington, Texas. Over her 20-year career at the city, Allen served in various roles, including director of utilities and subsequently, in 2005, served as interim deputy city manager over information technology, human resources, management services, finance and general services. In 2006, she was named deputy city manager/capital investment, overseeing public works, water utilities and environmental services. In 2009, she was named deputy city manager/economic development, overseeing aviation, convention center, planning and development, and the economic development office, with the duties of supervising public works and water utilities added in 2010. Allen retired from the city of Arlington in February 2011. She holds licenses as a professional engineer and a registered sanitarian, and holds TCEQ class B-distribution operator and class III wastewater system operator licenses. She is a member of the Texas A&M University Dwight Look College of Engineering advisory council. She serves as the Water Utility Council co-chair for the Texas Section of the American Water Works Association and executive committee and board member of the Texas Water Conservation Association, representing the municipal panel. She is a past board member of the Texas Municipal League, past president of the Texas Municipal Utilities Association, and former chair of the Texas A&M civil engineering department advisory council. She holds a bachelor's degree from Texas A&M University.

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

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

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

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

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

APPENDIX B

TRINITY RIVER AUTHORITY REGIONAL WASTEWATER SYSTEM 2018 REVENUE REPORT

Contracting Parties:

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

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TOWN OF ADDISON, TEXAS

TABLE 1 - WATER AND SEWER SYSTEM CONDENSED STATEMENT OF OPERATIONS

	Fiscal Year Ended September 30,				
	2017	2016	2015	2014	2013
<u>Revenues</u>					
Water Sales	\$ 6,261,005	\$ 6,056,506	\$ 5,678,134	\$ 5,479,937	\$ 5,935,142
Sewer Service	4,595,090	4,452,519	4,436,230	4,362,009	4,760,166
Interest Income	82,848	67,439	48,098	(57,650)	(81,123)
Other Income	48,825	(53,474)	78,729	102,950	107,384
Total Revenue	<u>\$ 10,987,768</u>	<u>\$ 10,522,990</u>	<u>\$ 10,241,191</u>	<u>\$ 9,887,246</u>	<u>\$ 10,721,569</u>
<u>Expenses</u>					
Water Purchase	\$ 3,469,557	\$ 3,458,701	\$ 3,223,750	\$ 2,933,034	\$ 3,032,183
Sewer Treatment	2,627,932	2,543,156	2,496,828	2,480,657	2,146,382
Other Expenses	2,029,382	3,028,935	3,046,128	2,974,949	2,622,524
Total Operating Expenses ⁽¹⁾	<u>\$ 8,126,871</u>	<u>\$ 9,030,792</u>	<u>\$ 8,766,706</u>	<u>\$ 8,388,640</u>	<u>\$ 7,801,089</u>
Net Available for Debt Services	<u>\$ 2,860,897</u>	<u>\$ 1,492,198</u>	<u>\$ 1,474,485</u>	<u>\$ 1,498,606</u>	<u>\$ 2,920,480</u>
Water Customers	3,631	3,624	3,636	3,562	3,576
Sewer Customers	2,585	2,594	2,618	2,559	2,581

(1) Excludes depreciation.

As of September 30, 2017, the City has no water and sewer revenue bonds outstanding. However, the City does have Outstanding General Obligation and Certificates of Obligation supported by the Utility fund.

TABLE 2 - AUTHORIZED BUT UNISSUED REVENUE BONDS

As of September 30, 2017, the City has no authorized but unissued revenue bonds.

TABLE 3 - WATER USAGE

Year Ended 9/30	Total Water Purchased In Gallons	Average Daily Usage In Gallons	Maximum Daily Usage In Gallons
2013	1,850,000,000	4,829,000	8,979,000
2014	1,673,052,000	4,583,649	10,042,000
2015	1,709,894,000	4,682,750	11,093,000
2016	1,629,190,000	4,628,000	8,846,000
2017	1,709,781,000	4,672,000	7,652,000

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TABLE 4 - MONTHLY WATER RATES (EFFECTIVE OCTOBER 2016)

Residential			Commercial		
<u>Single Family</u>			<u>Large</u>		
First 2,000 gallons	11.61	(Minimum)	First 37,000 gallons	109.81	(Minimum)
Water Rater per 1,000 gal over Minimum	2.81	/M gallons	Water Rater per 1,000 gal over Minimum	2.81	/M gallons
Water Conservation Rate (Irrigation)	5.10	/M gallons	Water Conservation Rate (Irrigation)	5.10	/M gallons
<u>Multi-Family (Small)</u>			<u>Small</u>		
Low - 15,000 gallons	\$ 48.09	(Minimum)	First 5,000 gallons	\$ 20.03	(Minimum)
Water Rater per 1,000 gal over Minimum	2.81	/M gallons	Water Rater per 1,000 gal over Minimum	2.81	/M gallons
Water Conservation Rate (Irrigation)	5.10	/M gallons	Water Conservation Rate (Irrigation)	5.10	/M gallons
<u>Multi-Family (Large)</u>					
First 37,000 gallons	\$ 109.81	(Minimum)			
Water Rater per 1,000 gal over Minimum	2.81	/M gallons			
Water Conservation Rate (Irrigation)	5.10	/M gallons			

TABLE 5 - MONTHLY SEWER RATES (EFFECTIVE OCTOBER 2016)

Residential			Commercial		
<u>Single Family ⁽¹⁾</u>			<u>Large</u>		
First 8,000 gallons	\$ 13.46	(Minimum)	First 37,000 gallons	\$ 168.61	(Minimum)
Over 8,000 gallons	4.44	/M gallons	Over 37,000 gallons	4.44	/M gallons
<u>Multi-Family (Small)</u>			<u>Small</u>		
First 15,000 gallons	\$ 71.10	(Minimum)	First 5,000 gallons	\$ 26.76	(Minimum)
Over 15,000 gallons	4.44	/Thousand gallons	Over 5,000 gallons	4.44	/M gallons
<u>Multi-Family (Large)</u>					
First 37,000 gallons	\$ 168.61	(Minimum)			
Over 37,000 gallons	4.44	/Thousand 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,				
	2017	2016	2015	2014	2013
<u>Revenues</u>					
Water Sales	\$ 71,151	\$ 69,628	\$ 64,606	\$ 59,327	\$ 59,007
Sewer Service	60,324	58,188	53,874	52,096	50,162
Interest Income	444	546	413	279	281
Other Income	6,532	6,270	5,390	4,722	5,065
Total Revenue	<u>\$ 138,451</u>	<u>\$ 134,632</u>	<u>\$ 124,283</u>	<u>\$ 116,424</u>	<u>\$ 114,515</u>
<u>Expenses</u>					
Labor Costs	\$ 15,602	\$ 14,290	\$ 14,398	\$ 14,688	\$ 14,413
Supplies	2,051	2,499	1,860	3,476	3,456
Maintenance	4,021	4,724	4,798	4,235	3,831
Water Supply (The District)	24,905	19,742	22,335	21,191	18,821
Sewer Treatment Contracts	32,884	29,383	29,373	28,151	25,274
Utilities	2,875	3,090	2,956	2,806	2,831
Other Expenses	4,293	4,559	4,213	4,125	4,315
Total Operating Expenses Before Depreciation	<u>\$ 86,631</u>	<u>\$ 78,288</u>	<u>\$ 79,933</u>	<u>\$ 78,672</u>	<u>\$ 72,941</u>
Net Revenues of the Systems	\$ 51,820	\$ 56,344	\$ 44,350	\$ 37,752	\$ 41,574
Interest During Construction Included Above	(418)	(185)	(71)	(64)	(67)
Net Available for Debt Service	<u>\$ 51,402</u>	<u>\$ 56,159</u>	<u>\$ 44,279</u>	<u>\$ 37,688</u>	<u>\$ 41,507</u>
Debt Service Paid ⁽¹⁾	\$ 18,419	\$ 18,419	\$ 15,602	\$ 14,683	\$ 14,777
Water Customers	102,757	102,193	101,733	101,107	100,453
Sewer Customers	100,932	100,387	99,944	99,279	98,544

(1) Amounts expressed in thousands.

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TABLE 2 - COVERAGE AND FUND BALANCES ⁽¹⁾

Waterworks and Sewer System Revenue Bonds Outstanding (as of 9/30/17)	\$ 195,840,000
Principal and Interest Requirements, 2018	\$ 21,823,182
Average Annual Principal and Interest Requirements, 2018-2036	\$ 10,568,500
Coverage of Average Requirements by 9/30/17 Net Available for Debt Service	4.86 Times ⁽¹⁾
Maximum Principal and Interest Requirements, 2018	\$ 21,823,182
Coverage of Requirements by 9/30/17 Net Available for Debt Service	2.36 Times ⁽¹⁾
Interest and Sinking Fund (as of 9/30/17)	\$ 7,247,511
Reserve Fund (as of 9/30/17)	\$ 12,650,938

(1) Provided by City Officials.

TABLE 3 - WATER USAGE

Fiscal Year Ended 9/30	Total Production in Gallons	Average Daily Production in Gallons	Maximum Daily Production in Gallons
2013	20,148,000,000	52,200,000	95,760,000
2014	19,473,000,000	53,040,000	88,820,000
2015	19,155,000,000	52,480,000	104,260,000
2016	21,039,000,000	57,640,000	102,460,000
2017	18,746,000,000	51,360,000	76,830,000

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TABLE 4 – WATER RATES (EFFECTIVE JANUARY 1, 2017)

Water Rates (Fixed Monthly Fee)	
Meter Size	Monthly
3/4" ($\leq 2,000$ gal)	\$ 6.40
3/4" ($\geq 3,000$ gal)	9.00
1"	15.00
1 1/2"	34.30
2"	60.00
3"	141.00
4"	225.00
6"	524.00
8"	820.00
10"	1,232.00
Conservation Rates Block Structure	
Residential	
Usage (1,000 gallons)	Water
0 - 2	\$ 2.02
3 - 10	2.79
11 - 15	4.02
16 - 29	4.79
≥ 30	5.94
Commercial	
Usage (1,000 gallons)	Water
0 - 15	\$ 3.00
≥ 16	3.16
Irrigation	
Usage (1,000 gallons)	Rate
0 - 29	\$ 4.79
≥ 30	5.94
Construction	
Usage (1,000 gallons)	Rate
0-99	\$ 5.90
≥ 100	7.74

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TABLE 5 - SEWER RATES (EFFECTIVE JANUARY 1, 2017)

Sewer Rates (based on water consumption)	
Meter Size	Monthly Charge
3/4" ($\leq 2,000$ gal)	\$ 5.80
3/4" ($\geq 3,000$ gal)	9.90
1"	16.80
1 1/2"	38.70
2"	60.50
3"	187.00
4"	279.00
6"	759.00
8"	1,000.00
10"	1,458.00

Conservation Rates Block Structure	
Residential	
Usage (1,000 gallons)	Wastewater
0 - 2	\$ 4.18
3 - 10	4.18
11 - 15	4.18
16 - 29	4.18
≥ 30	4.18
Commercial	
Usage (1,000 gallons)	Wastewater
0 - 15	\$ 4.18
≥ 16	4.18

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CITY OF BEDFORD, TEXAS

TABLE 1 - WATER AND SEWER SYSTEM CONDENSED STATEMENT OF OPERATIONS

	Fiscal Year Ended September 30,				
<u>Revenues</u>	2017	2016	2015	2014	2013
Water Sales	\$ 13,197,953	\$ 12,839,683	\$ 12,358,671	\$ 11,917,187	\$ 11,739,641
Charges for Sewer Services	7,616,896	7,243,736	6,609,881	6,516,659	5,930,354
Interest Income	342,261	171,121	12,946	18,662	42,245
Other	180,949	183,673	133,983	173,949	238,626
Total Revenue	<u>\$ 21,338,059</u>	<u>\$ 20,438,213</u>	<u>\$ 19,115,481</u>	<u>\$ 18,626,457</u>	<u>\$ 17,950,866</u>
<u>Expenses</u>					
Water Supply and Distribution	\$ 8,972,551	\$ 8,873,415	\$ 8,549,400	\$ 8,448,973	\$ 8,116,217
Wastewater Collection and Disposal	4,353,139	3,955,552	4,126,824	4,320,847	3,960,054
Billing and Collection	1,389,577	1,261,695	1,320,972	1,195,481	1,218,968
Public Services/Engineering	1,038,085	762,902	626,086	610,256	605,250
Total Expense	<u>\$ 15,753,352</u>	<u>\$ 14,853,564</u>	<u>\$ 14,623,282</u>	<u>\$ 14,575,557</u>	<u>\$ 13,900,489</u>
Net Available for Debt Service	\$ 5,584,707	\$ 5,584,649	\$ 4,492,199	\$ 4,050,900	\$ 4,050,377
Administrative Overhead/Payment in Lieu of Taxes	<u>2,359,853</u>	<u>2,323,122</u>	<u>2,177,046</u>	<u>2,213,763</u>	<u>2,205,526</u>
Net Operating Income	\$ 3,224,854	\$ 3,261,527	\$ 2,315,153	\$ 1,837,137	\$ 1,844,851
Water Customers	23,216	23,172	23,116	23,041	23,018 ⁽¹⁾
Sewer Customers	22,743	22,706	22,643	22,597	22,558

(1) Restated.

TABLE 2 - COVERAGE AND FUND BALANCES

As of September 30, 2017, the City has no water and sewer revenue bonds outstanding.

TABLE 3 - AUTHORIZED BUT UNISSUED REVENUE BONDS

As of September 30, 2017, the City has no authorized but unissued revenue bonds, and pursuant to State law is not required to approve its revenue bonds through election.

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TABLE 4 - MONTHLY WATER RATES (EFFECTIVE JANUARY 1, 2018)

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

Meter Size		Rates per Month
5/8 inch Meter		\$ 19.30
5/8 inch Meter	(Citizens aged 65 and over)	17.54
1 inch Meter		37.46
1 inch Meter	(Citizens aged 65 and over)	35.09
1 ½ inch Meter		77.18
2 inch Meter		123.54
3 inch Meter		231.64
4 inch Meter		370.67
6 inch Meter		1,389.98
Fire Hydrant		200.44
All water used per month		3.83 per 1,000 gallons

TABLE 5 - MONTHLY SEWER RATES (EFFECTIVE JANUARY 1, 2017) ⁽¹⁾

Meter Size		Rates per Month
5/8 or ¾ inch Meter		\$ 12.01
5/8 inch Meter	(Citizens aged 65 and over)	10.90
1 inch Meter		18.03
1 inch Meter	(Citizens aged 65 and over)	16.39
1 ½ Meter		28.11
2 inch Meter		40.18
3 inch Meter		72.35
4 inch Meter		108.61
6 inch Meter		209.28
Volume Charge ⁽²⁾		3.00 per 1,000 gallons up to 12,000 gallons

(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,				
	2017	2016	2015	2014	2013
Revenues:	\$ 40,014,788	\$ 37,738,309	\$ 35,668,929	\$ 34,102,074	\$ 35,256,384
Expenses:					
Personal Services	3,989,218	4,160,938	3,740,948	3,683,454	3,483,877
Supplies and Services	26,136,178	23,785,815	21,505,088	21,764,025	21,477,817
Utilities	946,111	874,429	858,560	694,054	909,152
Allocations	1,222,871	1,209,405	1,175,733	1,195,384	1,074,435
Bad Debts	39,523	44,919	44,450	47,877	40,471
Transfers Out	3,658,286	3,663,133	3,587,841	3,651,703	3,454,158
Total Expenses	\$ 35,992,187	\$ 33,738,639	\$ 30,912,620	\$ 31,036,497	\$ 30,439,910
Net Available for Debt Services	\$ 4,022,601	\$ 3,999,670	\$ 4,756,309	\$ 3,065,577	\$ 4,816,474
Customer Count Water/Sewer	37,168	36,841	38,975	36,055	35,710
Average Annual Debt Service	\$ 1,385,524	\$ 1,426,329	\$ 1,426,329	\$ 1,488,696	\$ 1,552,989
Coverage	2.90 Times	2.80 Times	3.33 Times	2.06 Times	3.10 Times

TABLE 2 - COVERAGE AND FUND BALANCES

Waterworks and Sewer System Revenue Bonds Outstanding (as of 9/30/17)	\$ 11,615,000
Principal and Interest Requirements, 2018	\$ 1,830,604
Coverage of Requirements by 9/30/17 Net Available for Debt Service	2.20 Times
Average Annual Principal and Interest Requirements, 2018-2027 (as of 9/30/17)	\$ 1,385,524
Coverage of Average Requirements by 9/30/17 Net Available for Debt Service	2.90 Times
Maximum Principal and Interest Requirements, 2020 (as of 9/30/17)	\$ 1,841,654
Coverage of Requirements by 9/30/17 Net Available for Debt Service	2.18 Times
Interest and Sinking Fund (as of 9/30/17)	\$ 762,751
Reserve Fund (as of 9/30/17)	\$ 1,385,524

TABLE 3 - AUTHORIZED BUT UNISSUED REVENUE BONDS

As of September 30, 2017, the City had no authorized but unissued revenue bonds.

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TABLE 4 - TOP TEN LARGEST WATER CUSTOMERS ⁽¹⁾

Name	Type	Revenues	% of Total Water Revenues
Carrollton-Farmers Branch ISD	School District	\$ 469,510	1.94%
Lewisville ISD	School District	207,020	0.86%
Rudy's Tortillas	Manufacturing	170,774	0.71%
Western Extrusions	Manufacturing	120,238	0.50%
Springs of Indian Creek Apartments	Apartments	115,597	0.48%
Autumn Chase Apartments	Apartments	110,261	0.46%
Bellas Vida at Coyote Ridge	Apartments	99,284	0.41%
Dawntree Apartments	Apartments	97,380	0.40%
Mansions at Sunset Ridge	Apartments	93,995	0.39%
Country Square Associates	Apartments	89,033	0.37%
TOTAL		<u>\$ 1,573,092</u>	<u>6.52%</u>

(1) Unaudited.

TABLE 5 - WATER USAGE ⁽¹⁾

Fiscal Year Ended 9/30	Average Daily Use In Gallons	Maximum Daily Use In Gallons	Total Gallons For Year
2013	20,171,000	38,388,000	7,362,343,000
2014	18,890,000	32,262,000	6,954,726,000
2015	19,548,000	41,609,000	7,151,918,000
2016	19,524,000	35,439,000	7,126,366,000
2017	19,753,000 ⁽²⁾	29,339,000 ⁽²⁾	7,209,845,000 ⁽²⁾

(1) Source: City of Carrollton Utility Customer Service Department.

(2) Unaudited.

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TABLE 6 - MONTHLY WATER RATES (EFFECTIVE FEBRUARY 1, 2017)

Minimum monthly charge, including the first 2,000 gallons of use:

Single-family residential domestic and irrigation use	\$	12.13
Commercial (including apartments and portable meters), Industrial and commercial irrigation use:		
5/8" meter	\$	12.38
1" meter		19.07
1.5" meter		30.26
2" meter		43.67
3" meter		79.42
4" meter		119.64
6" meter		231.40
8" meter		365.52
10" meter		521.96
Fire Line regardless of size		67.42

Use over the 2,000 gallons included in the minimum monthly usage charge:

Single-family residential domestic use:

Meter Readings from October through April:		
All Over 2,000 gallons (per 1,000 gallons)	\$	3.04
Meter Readings from May through September:		
Next 8,000 gallons (per 1,000 gallons)		3.04
All Over 10,000 gallons (per 1,000 gallons)		4.09
All Over 25,000 gallons (per 1,000 gallons)		5.12

Irrigation use:

Next 23,000 gallons (per 1,000 gallons)	\$	3.12
Next 25,000 gallons (per 1,000 gallons)		3.73
Next 50,000 gallons (per 1,000 gallons)		4.22
Next 100,000 gallons (per 1,000 gallons)		4.77
All use over 200,000 gallons (per 1,000 gallons)		5.32

Commercial use (Including apartments and portable meters.

All use over 2,000 gallons (per 1,000 gallons)	\$	2.10
assembly or manufacturing of goods and for which water usage equals or exceed 750,000		
All use over 2,000 gallons (per 1,000 gallons)	\$	1.84
assembly or manufacturing of goods and for which water usage equals or exceed 750,000		
gallons per month for nine out of twelve months in the year:		
All use over 2,000 gallons (per 1,000 gallons)	\$	1.52

Monthly Sewer Rates:

Residential use:

First 2,000 gallons, minimum	\$	11.47
All use over 2,000 gallons (per 1,000 gallons)		2.39

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

5/8" meter	\$	11.47
1" meter		16.60
1.5" meter		25.11
2" meter		35.32
3" meter		62.58
4" meter		93.20
6" meter		178.31
8" meter		280.45
10" meter		399.60

Commercial and Industrial use:

All use over 2,000 gallons (per 1,000 gallons)	\$	2.39
--	----	------

TABLE 7 - MONTHLY SEWER RATES (EFFECTIVE FEBRUARY 1, 2017)

Residential use:		
First 2,000 gallons, minimum	\$	11.03
All use over 2,000 gallons (per 1,000 gallons)		2.30
Commercial (including apartments), Industrial and Irrigation minimum monthly		
5/8" meter	\$	11.03
1" meter		15.96
1.5" meter		24.14
2" meter		33.96
3" meter		60.17
4" meter		89.62
6" meter		171.45
8" meter		269.66
10" meter		384.23
Commercial and Industrial use:		
All use over 2,000 gallons (per 1,000 gallons)	\$	2.30

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CITY OF CEDAR HILL, TEXAS

TABLE 1 – WATERWORKS AND SEWER SYSTEM CONDENSED STATEMENT OF OPERATIONS

	Fiscal Year Ended September 30,				
	2017	2016	2015	2014	2013
OPERATING REVENUES					
Water Sales	\$ 9,727,964	\$ 9,348,742	\$ 10,125,381	\$ 9,644,953	\$ 9,496,973
Sewer Sales	7,638,292	7,676,793	8,139,545	7,199,117	7,058,429
Other Charges	313,168	307,559	369,358	538,867	654,050
Interest Revenue	81,424	46,538	58,062	36,670	56,838
Total Operating Income	<u>\$ 17,760,848</u>	<u>\$ 17,379,632</u>	<u>\$ 18,692,346</u>	<u>\$ 17,419,607</u>	<u>\$ 17,266,290</u>
OPERATING EXPENSES					
Sewage Treatment	\$ 5,020,910	\$ 6,097,183	\$ 5,521,569	\$ 5,407,847	\$ 5,157,361
Purchase of Water	3,622,867	3,443,307	2,961,311	3,285,903	3,448,465
Personnel Services	3,007,211	2,821,636	2,316,629	2,657,186	2,504,935
Gross Receipts Tax	900,000	790,305	1,011,058	802,199	765,150
Heat, Light and Power	344,652	360,464	351,839	335,515	385,100
Maintenance	567,298	247,014	355,536	293,453	316,741
Contractual Services	1,308,768	1,242,309	1,322,907	622,653	589,094
Materials and Supplies	353,115	604,789	240,432	243,978	240,411
Miscellaneous	148,683	158,551	87,693	86,924	72,126
Total Operating Expenses	<u>\$ 15,273,504</u>	<u>\$ 15,765,558</u>	<u>\$ 14,168,974</u>	<u>\$ 13,735,658</u>	<u>\$ 13,479,383</u>
NON-OPERATING					
NET REVENUES	<u>\$ 2,487,344</u>	<u>\$ 1,614,074</u>	<u>\$ 4,523,372</u>	<u>\$ 3,683,949</u>	<u>\$ 3,786,907</u>
Water Customers	16,333	16,262	16,182	15,522	15,382
Sewer Customers	14,940	14,878	14,823	14,342	14,035

TABLE 2 – COVERAGE AND FUND BALANCES

As of September 30, 2017, the City has no outstanding Waterworks and Sewer System Revenue debt.

TABLE 3 – AUTHORIZED BUT UNISSUED REVENUE BONDS

As of January 31, 2018, the City has no voted but unissued revenue bonds, and pursuant to State law, the City is not required to approve its revenue bonds through election.

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TABLE 4 – HISTORICAL WATER USAGE (GALLONS)

Fiscal Year Ended 9/30	Daily Average (MGD)	Peak Day (MGD)	Peak Month (MGD)	Total Usage (MGD)	Water Revenue
2013	7.50	11.9	316.0	2,737.0	\$ 9,496,973
2014	5.71	9.0	230.2	2,085.2	11,946,153
2015	5.80	10.6	288.5	2,124.6	10,125,381
2016	5.84	9.3	242.3	2,131.8	9,348,742
2017	5.53	8.5	207.2	2,017.2	9,546,653

TABLE 5 – MONTHLY WATER RATES (EFFECTIVE OCTOBER 1, 2015)

Residential:	Base (includes first 1,000 gallons)	\$ 21.38
	1,000 - 7,999 gallons	4.96
	8,000 - 14,999	6.30
	15,000 and over	7.48
Commercial:	Base (includes first 1,000 gallons)	\$ 31.44
	1,000 - 23,999	5.95
	24,000 - 34,999	7.44
	35,000 and over	8.94

TABLE 6 – MONTHLY SEWER Rates (Effective October 1, 2015)

	Residential			
	New Rates		Old Rates	
	Inside	Outside	Inside	Outside
	City	City	City	City
First 1,000 Gallons	\$ 8.60	\$ 8.60	\$ 7.75	\$ 7.75
Over 1,000 Gallons	7.44	7.44	6.70	6.70

Residential charges capped at \$75.00

	Commercial			
	New Rates		Old Rates	
	Inside	Outside	Inside	Outside
	City	City	City	City
First 1,000 Gallons	\$ 8.60	\$ 8.60	\$ 7.75	\$ 7.75
Over 1,000 Gallons	7.44	7.44	6.70	6.70

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TABLE 7 – CAPITAL RECOVERY FEES

As of December 31, 2017 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 \$16,420,026 for the City:

Water Sources	\$ 9,594,061
Sewer Sources	3,999,539
Investment Earnings	<u>2,826,426</u>
TOTAL REVENUES	\$ 16,420,026

Today, the City has used approximately \$15,769,040 of the funds for water and wastewater projects and has remaining funds of \$650,986.

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CITY OF COLLEYVILLE, TEXAS

TABLE 1 - WATERWORKS AND SEWER SYSTEM OPERATING SYSTEM

	Fiscal Year Ended September 30,				
	2017	2016	2015	2014	2013
Revenues					
Metered Water Sales	\$ 10,958,905	\$ 10,243,727	\$ 10,817,308	\$ 10,481,393	\$ 10,683,906
Sewer Service Charges	3,876,154	3,693,142	3,414,576	3,459,501	3,278,271
Miscellaneous Charges and Fees	1,121,270	1,562,290	1,568,273	848,720	699,314
Interest Income	89,306	68,508	51,017	22,107	37,423
Total Revenues	\$ 16,045,635	\$ 15,567,667	\$ 15,851,174	\$ 14,811,721	\$ 14,698,914
Expenses					
Personnel Services	\$ 1,833,303	\$ 1,569,364	\$ 1,652,266	\$ 1,447,666	\$ 1,595,661
Maintenance and Contractual Services	10,709,725	10,132,987	10,331,440	9,670,393	8,950,525
Materials and Supplies	134,848	263,174	126,171	213,690	160,831
Total Expenses	\$ 12,677,876	\$ 11,965,525	\$ 12,109,877	\$ 11,331,749	\$ 10,707,017
Net Available for Debt Service	\$ 3,367,759	\$ 3,602,142	\$ 3,741,297	\$ 3,479,972	\$ 3,991,897
Water Customers	9,987	9,858	9,631	9,507	9,396
Sewer Customers	9,270	9,071	8,905	8,817	8,731

TABLE 2 - COVERAGE AND FUND BALANCES

Average Annual Principal and Interest Requirements, 2018	\$ 157,325
Coverage of Average Requirements by 9-30-17 Net Available for Debt Service	21.41 Times
Maximum Annual Principal and Interest Requirements, 2018	\$ 157,325
Coverage of Maximum Requirements by 9-30-17 Net Available for Debt Service	21.41 Times
Waterworks and Sewer System Revenue Bonds Outstanding (as of 9-30-17)	\$ 155,000
Interest and Sinking Fund (as of 9-30-17)	\$ 157,325
Reserve Fund (as of 9-30-17)	\$ -

TABLE 3 - AUTHORIZED REVENUE BONDS

As of September 30, 2017, the City has no authorized but unissued revenue debt.

TABLE 4 - WATER USAGE

Fiscal Year Ended 9/30	Average Day Usage	Total Usage
2013	6,784,984	2,476,519,060
2014	6,251,135	2,281,664,400
2015	5,961,080	2,175,794,100
2016	5,889,263	2,198,573,300
2017	6,355,085	2,288,180,700

TABLE 5 - MONTHLY WATER RATES (EFFECTIVE DECEMBER 1, 2017)

Meter Size	In-City Customers \$/M Gallons	Out-City Customers \$/M Gallons
less than 1.5 inches	\$ 13.76	\$ 17.76
1.5 inch Meter	27.52	31.52
2 inch Meter	44.04	48.04
3 inch Meter	82.57	86.57
4 inch Meter	137.61	141.61
Volumetric Water Charge	3.86 per 1,000 gallons	3.86 per 1,000 gallons

TABLE 6 - MONTHLY SEWER RATES (EFFECTIVE DECEMBER 1, 2017)

	Residential	Non- Residential
Base sewer charge	\$ 11.22	\$ 17.22
Volume charge per 1,000 gallons ⁽¹⁾	2.81	2.81
City average sewer rate is 9,000 gallons per household ^{(2) (3)}	\$ 36.51	

(1) Based on average winter water consumption in December, January & February

(2) For new residents first year only, until winter average is established.

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CITY OF COPPELL, TEXAS

TABLE 1 - WATERWORKS AND SEWER SYSTEM OPERATING SYSTEM

	Fiscal Year Ended September 30,				
	2017	2016	2015	2014	2013
<u>Operating Revenues</u>					
Water and Sewer Sales	\$ 16,253,789	\$ 14,319,323	\$ 13,007,095	\$ 13,082,406	\$ 13,664,366
Water and Sewer Connection Fees	31,466	23,980	39,490	31,010	21,550
Interest and Miscellaneous	435,971	572,837	313,535	285,752	931,818
Capital Recovery Fees	308,511	513,543	575,213	309,486	173,843
Total Revenues	<u>\$ 17,029,737</u>	<u>\$ 15,429,683</u>	<u>\$ 13,935,333</u>	<u>\$ 13,708,654</u>	<u>\$ 14,791,577</u>
<u>Operating Expenses</u>					
Purchase of Water	\$ 6,277,347	\$ 5,893,821	\$ 5,141,443	\$ 4,921,341	\$ 4,888,453
Purchase of Sewer Treatment	4,390,477	3,673,476	3,435,464	2,782,150	2,328,154
Salaries and Wages	1,525,053	1,561,496	1,565,625	1,591,649	1,436,299
Supplies and Services	3,582,192	3,210,191	3,068,516	4,035,225	4,767,031
Total Expenses	<u>\$ 15,775,069</u>	<u>\$ 14,338,984</u>	<u>\$ 13,211,048</u>	<u>\$ 13,330,365</u>	<u>\$ 13,419,937</u>
Net Available for Debt Service	<u>\$ 1,254,668</u>	<u>\$ 1,090,699</u>	<u>\$ 724,285</u>	<u>\$ 378,289</u>	<u>\$ 1,371,640</u>
Water Customers	13,327	13,137	12,913	12,639	12,496
Sewer Customers	12,174	12,012	11,806	11,587	11,506

TABLE 2 - COVERAGE AND FUND BALANCES ⁽¹⁾

Average Annual Principal and Interest Requirements, 2018 - 2019	\$ 48,855
Coverage of Average Annual Requirements by 9/30/17 Net Income	25.68
Maximum Principal and Interest Requirements, 2018	\$ 52,051
Coverage of Maximum Requirements by 9/30/17 Net Income	24.10
Waterworks and Sewer System Refunding Bonds Outstanding, 9/30/17	\$ 95,000
Interest and Sinking Fund, 9/30/17	\$ 10,890
Reserve Fund, 9/30/17	\$ -

(1) The City no longer has Water and Sewer revenue bonds outstanding. However, a portion of the City's outstanding General Obligation bonds are funded by Water and Sewer revenue.

TABLE 3 - AUTHORIZED REVENUE BONDS

As of September 30, 2017, the City has no authorized but unissued revenue debt.

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TABLE 4 - WATER USAGE

Fiscal Year Ended 9/30	Estimated City Population	Water Usage		
		Average Day Usage	Peak Day Usage	Total Usage
2013	39,090	8,533,893	16,390,000	3,114,871,000
2014	39,380	7,856,167	15,370,000	2,867,501,000
2015	39,880	7,617,968	18,530,000	2,780,558,320
2016	40,310	7,659,008	18,355,000	2,803,196,843
2017	40,820	7,125,059	14,733,000	2,600,646,424

TABLE 5 - MONTHLY WATER RATES

New Rates
(Effective February 1, 2018)

First 1,000 gallons \$21.00 (minimum)
\$3.15 per 1,000 gallons over initial 1,000 gallons

Seasonal Conservation Water Rate: (June - October Billings)
All over 25,000 gallons \$3.94 per 1,000 gallons

Previous Rates
(Effective February 1, 2017)

First 1,000 gallons \$20.00 (minimum)
\$3.00 per 1,000 gallons over initial 1,000 gallons

Seasonal Conservation Water Rate: (June - October Billings)
All over 25,000 gallons \$3.75 per 1,000 gallons

TABLE 6 - SEWAGE FLOW

Fiscal Year Ended 9/30	Amount in Gallons	Average Daily Sewer Flow
2013	1,195,150,000	3,274,384
2014	1,209,909,000	3,314,819
2015	1,717,700,950	4,706,030
2016	1,674,524,005	4,587,737
2017	1,377,439,000	3,773,805

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TABLE 7 - MONTHLY SEWER RATES

New Rates
(Effective February 1, 2018)

First 1,000 gallons	\$22.40 (minimum)
\$2.24 per 1,000 gallons over initial 1,000 gallons	
Maximum Charge (Residential Only)	\$ 51.52
No maximum for other customers	

Previous Rates
(Effective February 1, 2017)

First 1,000 gallons	\$20.00 (minimum)
\$2.00 per 1,000 gallons over initial 1,000 gallons	
Maximum Charge (Residential Only)	\$ 46.00
No maximum for other customers	

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CITY OF DALLAS, TEXAS

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

	Fiscal Year Ended September 30,				
<u>Operating Revenues</u>	2017	2016	2015	2014	2013
Water	\$ 383,869	\$ 367,892	\$ 344,488	\$ 332,062	\$330,006
Wastewater	248,600	239,437	228,839	232,484	221,492
	<u>\$ 632,469</u>	<u>\$ 607,329</u>	<u>\$ 573,327</u>	<u>\$ 564,546</u>	<u>\$551,498</u>
 <u>Operating Expenses</u>					
Operation and Maintenance	\$ 325,231	\$ 405,973	\$ 310,857	\$ 251,181	\$259,556
Depreciation and Amortization	116,375	113,022	113,036	108,386	105,528
	<u>\$ 441,606</u>	<u>\$ 518,995</u>	<u>\$ 423,893</u>	<u>\$ 359,567</u>	<u>\$365,084</u>
 Earnings from Operations	\$ 190,863	\$ 88,334	\$ 149,434	\$ 204,979	\$186,414
Net Interest Expense ⁽¹⁾	(60,183)	(62,897)	(71,737)	(67,914)	(70,037)
Change in Fair Value of Investments	-	-	-	191	-
Capital Contribution Received	11,815	15,869	7,005	4,267	11,411
Other Income	23,204	-	-	-	-
Net Transfers	(23,465)	(22,024)	(21,170)	(22,309)	(19,008)
Gain/(Loss) From Property Disposal	(19,223)	(61)	40	191	(610)
Change in Net Position	<u>\$ 123,011</u>	<u>\$ 19,221</u>	<u>\$ 63,572</u>	<u>\$ 119,214</u>	<u>\$108,170</u>
 Water Customer Accounts	296,000	295,000	291,000	290,430	292,000
Wastewater Customer Accounts	280,000	279,000	276,000	275,000	276,000
Water Connections	333,000	331,000	331,000	329,580	329,000

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

TABLE 2 - PROJECTED COVERAGE AND FUND BALANCES (AS OF MARCH 31, 2018)

Average Annual Principal and Interest Requirements, Fiscal Years 2018 - 2045	\$ 111,785,893
Coverage of Average Requirements by Fiscal Year Ended 9-30-17 Net Revenues	3.10 x
 Maximum Principal and Interest Requirements, Fiscal Year 2018	\$ 187,757,655
Coverage of Maximum Requirements by Fiscal Year Ended 9-30-17 Net Revenues	1.85 x
 Waterworks and Sewer System Revenue Bonds Outstanding (as of 9-30-17)	\$ 2,159,911,000
Interest and Sinking fund (as of 9-30-17)	\$ 137,842,400
Reserve Fund (as of 9-30-17)	\$ 105,291,302

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TABLE 3 - SUMMARY OF PRESENT SUPPLY SOURCES

Water Supply Source	Diversion Rights of Dallas	Dependable Yield to Dallas ⁽⁶⁾	
		Available	Connected
Lake Grapevine	76 MGD	13 MGD	13 MGD
Elm Fork System ⁽¹⁾	1,074 MGD	162 MGD	162 MGD
Lake Ray Hubbard ⁽²⁾	187 MGD	50 MGD	50 MGD
Lake Tawakoni	170 MGD	157 MGD	157 MGD
Lake Fork ⁽³⁾	107 MGD	107 MGD	36 MGD
Lake Palestine ⁽⁴⁾	102 MGD	102 MGD	0 MGD
Indirect Reuse ⁽⁵⁾	221 MGD	13 MGD	13 MGD
Total	1,937 MGD	604 MGD	431 MGD

- (1) Elm Fork System includes Lake Lewisville, Lake Ray Roberts and Elm Fork of the Trinity River run of the river flows.
- (2) In addition to the Connected Dependable Yield of Lake Ray Hubbard, Dallas recently received a water rights amendment for an additional 107 MGD for operational efficiency.
- (3) Lake Fork was connected to the System in 2009; additional transmission capacity is planned for 2030 to maximize the yield for Lake Fork and Lake Tawakoni.
- (4) Connection to System not anticipated to occur prior to 2027.
- (5) Indirect reuse has been permitted in Permit No 12468 authorizing Dallas to reuse its wastewater return flows from Dallas Central and Southside Wastewater Treatment Plant and the Town of Flower Mound and City of Lewisville Wastewater Treatment Plants.
- (6) The estimated effects of reservoir sedimentation are included in dependable yields shown above.

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

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TABLE 5 - WHOLESALE TREATED WATER CUSTOMERS

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

Entity	Year	Entity	Year
Addison	2042	Flower Mound	2047
Carrollton	2043	Glenn Heights	2022
Cedar Hill	2044	Grand Prairie	2042
Cockrell Hill	2044	Hutchins	2042
Combine WSC	2035	Irving	2033
Coppell	2047	Lancaster	2041
Balch Springs	2045	Lewisville	2046
Dallas/Fort Worth International Airport	2045	Ovilla	2035
DeSoto	2043	Red Oak	2033
Duncanville	2044	Seagoville	2043
Ellis County WCID#1	2033	The Colony	2040
Farmers Branch	2040		

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

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

In addition to a Wholesale Treated Water Contract, the Cities of Irving and Dallas adopted the Water Treatment Services Contract on January 8, 1998. This agreement allows Irving to store 9,700 acre feet of its 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 (see "The Water and Wastewater System - Water Supply - Lake Lewisville").

Dallas has a designated planning and service area in the 2014 update to the LRWSP. In accordance with the plans, Dallas is planning for the long range needs of all its existing customers and anticipate renewal of all existing contracts.

TABLE 6 - TREATED WATER PUMPAGE (MILLION GALLONS)

Fiscal Year Ended 9/30	Peak Day	Average Day	Total
2013	583	391	142,878
2014	535	369	134,792
2015	619	374	136,578
2016	592	369	135,159
2017	511	372	135,664

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TABLE 7 - TREATED WATER CONSUMPTION BY CUSTOMER CLASS (MILLION GALLONS) ⁽¹⁾

	Fiscal Year Ended September 30,				
	2017	2016	2015	2014	2013
Retail					
Residential	23,377	23,946	24,060	24,699	26,604
General Service	33,842	32,809	33,736	34,176	35,652
Optional General Service ⁽²⁾	4,672	4,599	4,957	4,845	4,771
Total Retail	61,891	61,354	62,753	63,720	67,027
Wholesale	55,086	53,811	51,543	52,573	55,741
Total	116,977	115,165	114,296	116,293	122,768

(1) Source: City officials

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

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

Wholesale	Fiscal Year 2017 Water Consumption	Wholesale	Fiscal Year 2017 Water Consumption
City of Carrollton	7,253	City of Desoto	2,697
City of Grande Prairie	6,603	City of Farmers Branch	2,589
City of Irving ⁽¹⁾	3,627	City of Cedar Hill	2,143
City of Lewisville	3,444	City of Lancaster	1,934
City of Coppell	3,237	Addison	1,713
Total		35,240	

(1) In addition to the 3,627.062 MG treated water provided under the treated water contract, Dallas Water Utilities also treated 11,483.609 MG of raw water from Irving's Lake Chapman under the Dallas Water Utilities/Irving treatment services contract. Reflects "as billed" consumption.

TABLE 9 - WHOLESALE WASTEWATER CUSTOMERS

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

Addison (portion)	2044	Mesquite (portion)	2036
Cockrell Hill	2044	Richardson (portion)	2037
Balch Springs	2045	Seagoville	2033
Duncanville (portion)	2044	University Park	2044
Highland Park	2044	Wilmer	2044
Hutchins	2044		

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TABLE 12 - RETAIL USAGE CHARGE (AS OF OCTOBER 1, 2017)

	Monthly Retail Rate Per 1,000 Gallons	
	Water	Wastewater
<u>Residential</u>		
Up to 4,000 Gallons	\$ 1.92	\$ 5.38 ⁽¹⁾
4,001 to 10,000 Gallons	4.34	5.38 ⁽¹⁾
10,001 to 15,000 Gallons	6.20	5.38 ⁽¹⁾
Above 15,000 Gallons	8.75	5.38 ⁽¹⁾
<u>General Service</u>		
Up to 10,000 Gallons	\$ 3.76	\$ 4.17
Above 10,000 Gallons	4.08	4.17
Above 10,000 and usage 1.4x annual monthly average	6.20	4.17
Wastewater metered separately		3.73
<u>Optional General Service</u>		
1st Million Gallons or Less	\$ 2,231.50 ⁽²⁾	\$ 3.75
Above 1 Million Gallons (Per 1,000 Gallons)	3.15	3.75
Wastewater metered separately		3.80

(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.

Note: 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 subject to 5% additional charge if not paid when due.

TABLE 13 – WHOLESALE RETAIL CUSTOMER CHARGE (AS OF OCTOBER 1, 2016)

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

Treated Water Service: Customers with rate-of-flow controllers: \$0.4565 per thousand gallons of water used, plus \$280,458 annually per million gallons of daily capacity reserved.

Customers without rate-of-flow controllers (or if a flat rate is provided by contract): \$2.2094 per thousand gallons of water used.

Untreated Water Service: Customers inside or outside the City: \$1.0200 per thousand gallons of water used (\$0.4761 for interruptible service).

Wastewater Service: \$2.7451 per thousand gallons of wastewater discharged. A surcharge is applied for wastewater of excessive strength.

TABLE 10 - TREATED WASTEWATER FLOW (MILLION GALLONS)

Fiscal Year Ended 9/30	Maximum Day Treated Effluent	Average Day Treated Effluent	Total Treated Effluent
2013	261	144	52,446
2014	238	150	54,643
2015	430	181	65,908
2016	430	207	75,603
2017	302	162	59,147

TABLE 11 - RETAIL CUSTOMER CHARGE (AS OF OCTOBER 1, 2017)

	Monthly Retail Customer Charge		
	Water	Wastewater	Combined
5/8 Inch Meter	\$ 5.33	\$ 4.78	\$ 10.11
3/4 Inch Meter	7.40	6.55	13.95
1 Inch Meter	10.78	9.45	20.23
1 1/2 Inch Meter	20.00	18.30	38.30
2 Inch Meter	32.54	28.50	61.04
3 Inch Meter	77.00	69.50	146.50
4 Inch Meter	126.62	111.42	238.04
6 Inch Meter	251.45	219.31	470.76
8 Inch Meter	418.53	366.09	784.62
10 Inch Meter or larger	642.66	575.21	1,217.87

The rates charged wastewater customers are based upon the cost providing wastewater service, as required by the USEPA.

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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 International Airport is jointly owned by the Cities of Dallas and Fort Worth. The Airport (located within the cities of Grapevine, Irving, Coppell, and Euless) is equidistant (17 miles) from Dallas and Fort Worth.

The Airport was created by the 1968 Contract and Agreement between the Cities of Dallas and Fort Worth. Under the terms of the Contract and Agreement, the Airport is operated by a Board of Directors on behalf of the Owner 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 for exercising on behalf of the Owner Cities the powers of each with respect thereto.

The Board consists of 11 members, 7 from the City of Dallas and 4 from the City of Fort Worth. Both the Mayor of Dallas and the Mayor of Fort Worth sit on the Board. The remaining Board members are appointed by the respective City Councils. In addition, the Board has one non-voting member who is appointed by the respective City Councils, on a rotating basis, from one of the four cities in which the Airport is located.

Airport Revenue Bonds are issued jointly by the Owner Cities by Concurrent Bond Ordinances approved by the City Councils of the Owner Cities and are secured solely by certain revenues of the Airport.

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 (collectively, the "Airport Rates"), which 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 (as defined in the Master Bond Ordinance) 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 Master Bond Ordinance. 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 Master Bond Ordinance obligates 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, but excluding Special Revenue Bonds and Special Facility Bonds, and plus (iv) any additional amounts required by the terms of an Additional Supplemental Ordinance.

Additionally, the Master Bond Ordinance obligates 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.

Airline Use Agreement

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

CITY OF DUNCANVILLE, TEXAS

TABLE 1 - WATERWORKS AND SEWER SYSTEM CONDENSED STATEMENT OF OPERATIONS

	Fiscal Year Ended September 30,				
<u>Revenues</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Water Sales	\$ 7,448,323	\$ 7,153,661	\$ 7,014,747	\$ 6,837,301	\$ 6,311,961
Sewer Services	9,513,439	8,453,828	6,953,623	5,845,767	4,850,198
Investment Income	61,798	22,967	11,053	8,572	8,996
Service Fees and Miscellaneous	1,511,542	327,850	341,047	349,867	314,118
Total Revenues	<u>\$ 18,535,102</u>	<u>\$ 15,958,306</u>	<u>\$ 14,320,470</u>	<u>\$ 13,041,507</u>	<u>\$ 11,485,273</u>
<u>Expenses</u>					
Water Services	\$ 5,529,839	\$ 4,226,306	\$ 3,954,616	\$ 4,003,995	\$ 4,231,512
Wastewater Treatment	5,409,775	3,891,707	4,273,158	4,224,169	3,997,979
Administration and Fiscal	3,835,491	1,536,927	1,301,109	1,381,383	1,178,869
Total Expenses	<u>\$ 14,775,105</u>	<u>\$ 9,654,940</u>	<u>\$ 9,528,883</u>	<u>\$ 9,609,547</u>	<u>\$ 9,408,360</u>
Net Available for Debt Service	<u>\$ 3,759,997</u>	<u>\$ 6,303,366</u>	<u>\$ 4,791,587</u>	<u>\$ 3,431,960</u>	<u>\$ 2,076,913</u>
Water Customers	12,583	12,497	12,491	12,204	12,384
Sewer Customers	11,347	11,261	11,239	11,184	11,172

TABLE 2 - DEBT COVERAGE AND FUND BALANCES

As of September 30, 2017, the City has no outstanding Waterworks and Sewer System Revenue Debt.

TABLE 3 - AUTHORIZED BUT UNISSUED BONDS

As of September 30, 2017, the City of Duncanville, Texas has no water and sewer revenue debt outstanding.

Note: 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 9/30</u>	<u>Average Daily Usage in Gallons</u>	<u>Peak Daily Usage in Gallons</u>	<u>Total Water Treated and Purchased</u>
2013	4,716	8,391	1,397,775
2014	4,754	7,679	1,336,768
2015	4,924	9,534	1,410,975
2016	4,406	7,675	1,119,826
2017	4,635	9,638	1,249,110

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TABLE 5 - TOP TEN CUSTOMERS

Customer	FYE 2017	
	Water Usage Gallons	Water Revenue
Wimberly Park Apartments	59,479,999	\$ 308,917.24
C H Guenther & Son Inc.	58,151,888	301,796.77
Fairmeadows Apartments	47,579,999	248,309.42
Center Ridge Apts	36,111,170	187,801.32
AGM Main Park LP	34,411,170	178,472.88
VSP Candlelight, LP	32,799,970	170,936.77
G&E Apartment REIT Bella Ruscello, LLC	32,799,978	170,065.04
Westwood Townhomes	32,479,978	168,350.99
PC Wexford LLC (Wexford Townhomes)	28,699,960	148,440.88
Duncanville ISD	21,000,100	142,367.19
Total	383,514,212	\$ 2,025,458.50

TABLE 6 - WATER RATES (EFFECTIVE OCTOBER 1, 2017)

<u>Residential</u> ⁽¹⁾		<u>Commercial</u>	
\$ 14.00	First 1,000 Gallons (minimum charge).	\$ 14.00	First 1,000 Gallons (minimum charge).
3.76	per 2,000 to 7,000 gallons usage	3.38	per 2,000 to 7,000 gallons usage
4.85	per 8,000 to 15,000 gallons usage	4.41	per 8,000 to 15,000 gallons usage
5.98	per 16,000 to 30,000 gallons usage	5.45	per 16,000 to 30,000 gallons usage
7.09	per 31,000 and above gallons usage	5.45	per 31,000 and above gallons usage
<u>Irrigation</u>		<u>Schools</u>	
\$ 14.00	First 1,000 Gallons (minimum charge).	\$ 14.00	First 1,000 Gallons (minimum charge).
3.85	per 2,000 to 7,000 gallons usage	5.48	per 2,000 to 7,000 gallons usage
4.98	per 8,000 to 15,000 gallons usage	6.49	per 8,000 to 15,000 gallons usage
6.11	per 16,000 to 30,000 gallons usage	7.49	per 16,000 to 30,000 gallons usage
7.22	per 31,000 and above gallons usage	8.50	per 31,000 and above gallons usage
<u>Apartments & Multi Family</u>		<u>Municipal</u>	
\$ 14.00	First 1,000 Gallons (minimum charge).	\$ 14.00	First 1,000 Gallons (minimum charge).
3.38	per 2,000 to 7,000 gallons usage	6.49	per 2,000 to 7,000 gallons usage
4.41	per 8,000 to 15,000 gallons usage	7.49	per 8,000 to 15,000 gallons usage
5.45	per 16,000 to 30,000 gallons usage	8.50	per 16,000 to 30,000 gallons usage
5.45	per 31,000 and above gallons usage	9.49	per 31,000 and above gallons usage

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

TABLE 7 - MONTHLY SEWER RATES (EFFECTIVE OCTOBER 1, 2017)

User Class	Monthly Charge	
	Fixed Rate	Variable Rate
Residential ⁽¹⁾	\$ 19.25	\$ 8.22 /1,000 Gallons (Max 20,000 Gallons)
Multi-Family	9.07 /Unit	9.25 /1,000 Gallons @ 90%
Commercial	9.07 /Connection	9.07 /1,000 Gallons @ 85%
Schools	9.07 /Connection	9.07 /1,000 Gallons @ 85%
Municipal	9.07 /Connection	9.07 /1,000 Gallons @ 85%

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

CITY OF EULESS, TEXAS

TABLE 1 - WATERWORKS AND SEWER SYSTEM CONDENSED STATEMENT OF OPERATIONS

	Fiscal Year Ended September 30,				
<u>Revenues</u>	2017	2016	2015	2014	2013
Water Service	\$ 12,517,495	\$ 12,092,051	\$ 11,454,505	\$ 10,786,403	\$ 11,047,759
Reclaimed Water Service	511,593	321,700	100,362	167,083	163,739
Sewer Service	8,386,398	7,946,103	7,405,330	7,100,795	6,606,665
Service Fees & Miscellaneous	2,763,326	3,399,382	1,633,065	1,298,863	1,365,035
Interest Income	121,552	82,862	33,493	28,453	34,149
Total Revenues	\$ 24,300,364	\$ 23,842,098	\$ 20,626,755	\$ 19,381,597	\$ 19,217,347
<u>Expenses</u>					
General and Administrative	474,404	\$ 454,871	\$ 431,319	\$ 437,533	\$ 540,267
Water Production	7,520,566	7,479,456	6,857,817	7,233,678	6,405,108
Water Distribution	1,040,073	936,831	841,547	965,801	840,290
Utility Engineering	383,641	508,006	661,164	494,742	507,376
Sewage Collection and Treatment	3,881,277	3,520,741	3,437,940	3,479,744	3,044,977
Nondepartmental	4,251,995	4,160,482	3,982,306	3,948,990	3,658,884
Geographic Information	570,335	504,886	495,644	501,592	476,263
Service Center	1,127,408	1,060,029	1,171,472	1,207,013	1,187,232
Total Expenses	\$ 19,249,699	\$ 18,625,302	\$ 17,879,209	\$ 18,269,093	\$ 16,660,397
Net Available for Debt Service	\$ 5,050,665	\$ 5,216,796	\$ 2,747,546	\$ 1,112,504	\$ 2,556,950
Water Customers	25,970	28,512	26,014	25,319	25,039
Sewer Customers	25,225	25,034	25,209	24,545	24,320

TABLE 2 - DEBT COVERAGE AND FUND BALANCES

Net Available for Debt Service, 9/30/17	\$ 5,050,665
Average Annual Principal and Interest Requirements, 2018 - 2035.....	\$ 621,101
Coverage of Average Annual Requirements by 9/30/17 Net Available for Debt Service.....	8.13x
Maximum Principal and Interest Requirements, 2019.....	\$ 948,828
Coverage of Maximum Annual Requirements by 9/30/17 Net Available for Debt Service.....	5.32x
Projected Waterworks and Sewer System Revenue Bonds Outstanding, 9/30/17	\$ 9,540,000
Interest and Sinking Fund, 9/30/17.....	\$ 91,913
Reserve Fund, 9/30/17.....	\$ 641,351

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TABLE 3 - AUTHORIZED BUT UNISSUED REVENUE BONDS ⁽¹⁾

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		\$ 5,000,000	\$ 3,800,000	\$ 1,200,000 ⁽¹⁾

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

TABLE 4 - HISTORICAL WATER USE

Fiscal Year Ended	Daily Average	Peak Day	Total Water Consumption (000's)	Water Revenue	Well Production (000's)	Trinity River Authority (000's)
2013	7.29 MGD	12.50 MGD	2,661,242	\$ 11,211,498	416,843	2,133,211
2014	6.95 MGD	10.94 MDG	2,653,958	10,953,486	380,864	2,154,469
2015	6.59 MGD	14.48 MDG	2,403,721	11,554,867	741,225	1,628,651
2016	6.67 MGD	10.90 MGD	2,440,271	12,413,751	540,921	1,787,547
2017	6.48 MGD	9.88 MGD	2,363,707	13,029,088	439,255	1,766,692

TABLE 5 - MONTHLY WATER RATES (EFFECTIVE OCTOBER 1, 2017)

Water Service		
Gallons of Water	Residential per 1,000/gal	Sprinkler per 1,000/gal
0-2,999	\$ 3.58	\$ 4.84
3,000 - 8,999	4.51	4.84
9,000 - 15,999	5.08	5.08
16,000 - 35,000	5.61	5.61
Over 35,000	6.21	6.21
Commercial, Industrial, Multi-Family	4.84	-
Fire Hydrant, Gas Well, Supplemental Irrigation	10.10	-

Water Service Meter Charge	
Meter Size (Inches)	Monthly Base Charge
5/8" - 3/4" *	\$ 11.75
1"	13.73
1 1/2"	19.52
2"	31.88
3"	64.84
4"	114.31
5"	180.25
6"	257.20

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

TABLE 6 - MONTHLY SEWER RATES (EFFECTIVE OCTOBER 1, 2017)

Wastewater Rates (Effective October 1, 2017)

Inside City	Outside City
$\$10.50 + \3.98 per 1,000 gallons of 90% of metered water and shall not exceed 12,000 gallons for residential, 100% of metered water for commercial and industrial	$\$15.00 + \3.98 per 1,000 gallons of 90% of metered water and shall not exceed 12,000 gallons for residential, 100% of metered water for commercial and industrial

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CITY OF FARMERS BRANCH, TEXAS

TABLE 1 - WATERWORKS AND SEWER SYSTEM CONDENSED STATEMENT OF OPERATIONS

	Fiscal Year Ended September 30,				
	2017	2016	2015	2014	2013
<u>Revenues:</u>	<u>\$ 19,996,009</u>	<u>\$ 18,814,170</u>	<u>\$ 16,818,937</u>	<u>\$ 14,594,319</u>	<u>\$ 14,214,902</u>
<u>Expenses:</u>					
Water Purchased	\$ 5,598,144	\$ 5,414,578	\$ 4,752,025	\$ 4,551,492	\$ 4,476,816
Sewage Disposal Contract	4,260,938	3,125,687	2,648,002	2,326,525	2,357,421
Other	3,845,381	4,114,416	3,312,768	3,205,806	3,036,937
Total	<u>\$ 13,704,463</u>	<u>\$ 12,654,681</u>	<u>\$ 10,712,795</u>	<u>\$ 10,083,823</u>	<u>\$ 9,871,174</u>
Net Available for Debt Service	<u>\$ 6,291,546</u>	<u>\$ 6,130,729</u>	<u>\$ 6,106,142</u>	<u>\$ 4,510,496</u>	<u>\$ 4,343,728</u>
Water Customers	9,770	9,770	9,729	9,628	9,572

As of September 30, 2017, the City has no Water and Sewer revenue debt outstanding.

TABLE 2 - TOP TEN WATER CUSTOMERS ⁽¹⁾

Customer	2017	% of Total	2017
	Consumption Gallons		Revenues
Maxim Integrated Products, Inc.	34,182,000	1.3%	\$ 182,774
Boxer F2 LP	32,370,000	1.3%	201,939
Dallas County Community College	26,925,000	1.0%	171,377
FB Creek Partners (Cooks Creek Apts)	24,595,000	1.0%	165,718
Omni Dallas Hotel @ Park West	21,229,000	0.8%	127,332
Doubletree by Hilton Dallas Near the Galleria	21,170,000	0.8%	123,089
Lakeview at Parkside	20,683,000	0.8%	191,401
Tara Place	20,666,000	0.8%	126,149
Ventana at Valwood, MMH Mgmt.	20,307,000	0.8%	120,428
Wyndham Garden Dallas North	20,102,000	0.8%	120,377
Total Consumption	<u>242,229,000</u>	<u>9.4%</u>	<u>\$ 1,530,584</u>

(1) Source: City of Farmers Branch Finance Department

TABLE 3 - MONTHLY WATER AND SEWER RATES (EFFECTIVE OCTOBER 1, 2016)

Water Rates		Sewer Rates	
0 – 2,000	\$ 17.92	0 – 2,000	\$ 18.74
2,001 – 10,000	4.87	2,001 – 10,000	2.54
10,000 – 20,000	5.48	Over 10,001	No additional charge
20,000+	5.69		for private residents
		Commercial	\$ 18.74
		(All Over 2,001)	\$ 2.54
		Rate Per 1,000 Gallons	

Notes: Rates are based on 3/4+ and 5/8" meters, which are the standard household meter sizes. The City charges an additional rate for non-standard meter sizes.

Notes: Rates are based on 3/4+ and 5/8" meters, which are the standard household meter sizes.

TABLE 4 - OVERSIZED METER CHARGES (EFFECTIVE OCTOBER 1, 2016)

<u>Meter Size</u>	<u>Meter Charge</u>
5/8 or 3/4"	No additional charge
1"	\$ 7.90
1 1/2"	15.80
2"	37.45
3"	197.2
4"	2569.35
6"	394.35
8"	552.10

Meters connected solely for fire protection systems shall be charged the monthly minimum rate established for 3/4 inch meters, in addition to volume usage charges, regardless of the actual meter size.

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CITY OF FORT WORTH, TEXAS

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

	Fiscal Year Ended September 30,				
<u>Revenues</u>	2017	2016	2015	2014	2013
Charges for Services	\$ 424,078	\$ 415,125	\$ 389,188	\$ 361,853	\$ 352,005
Other Operating Revenue	1,537	2,174	17	126	154
Interest on Investments	3,649	2,170	2,020	2,681	516
Miscellaneous Revenue	-	2,250	3,135	4,039	15,253
Total Revenues	\$ 429,264	\$ 421,719	\$ 394,360	\$ 368,699	\$ 367,928
<u>Expenses ⁽²⁾</u>					
Personnel Services	\$ 74,983 ⁽³⁾	\$ 69,882 ⁽⁴⁾	\$ 68,112 ⁽⁵⁾	\$ 68,702	\$ 69,118
Supplies and Materials	24,024	23,077	21,412	20,711	20,234
Contractual Services	147,819	163,086	147,628	137,306	122,141
Total Expenses	\$ 246,826	\$ 256,045	\$ 237,152	\$ 226,719	\$ 211,493
Net Available for Debt Service	\$ 182,438	\$ 165,674	\$ 157,208	\$ 141,980	\$ 156,435
Water Accounts ⁽⁶⁾	246,988	241,124	238,274	234,376	228,374
Sewer Accounts ⁽⁶⁾	236,649	231,204	228,554	224,785	219,355

- (1) Sources for 2013-2017 are Comprehensive Annual Financial Reports for the corresponding fiscal year, City of Fort Worth
- (2) Expenses exclude depreciation (a non-cash expense).
- (3) For 2017, Personnel Services excludes the non-cash pension of \$34.001 million associated with Governmental Accounting Standards Board ("GASB") 68
- (4) For 2016, Personnel Services excludes the non-cash pension of \$13.659 million associated with Governmental Accounting Standards Board ("GASB") 68.
- (5) For 2015, Personnel Services excludes the non-cash pension expense of \$15.962 million associated with Governmental Accounting Standards Board ("GASB") 68.
- (6) Actual number of accounts, not in thousands.

TABLE 2 - COVERAGE AND FUND BALANCES

Average Annual Principal and Interest Requirements, 2018 - 2047 ⁽¹⁾	\$ 37,977,172
Coverage of Average Annual Requirements by 9/30/17 Net Available for Debt Service	4.80x
Maximum Principal and Interest Requirements, 2018 ⁽¹⁾	\$ 94,713,940
Coverage of Maximum Requirements by 9/30/17 Net Available for Debt Service	1.93x
Water and Sewer System Revenue Bonds Outstanding, 2/1/18 ⁽¹⁾	\$ 854,315,000
<u>Parity Obligations</u>	
Interest and Sinking Fund, 2/1/18 ⁽²⁾	\$ 85,950,360
Reserve Fund Balance, 2/1/18	\$ 16,362,351 ⁽³⁾
<u>Subordinate Lien Bonds</u>	
Interest and Sinking Fund, 2/1/18 ⁽²⁾	\$ 7,581,607
Reserve Fund Balance, 2/1/18	\$ - ⁽⁴⁾

- (1) Includes all Outstanding Parity 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, AGM, and CIFG surety policies and cash. Amount shown is cash balance.
- (4) Required Reserve Amount funded with CIFG, Syncora and AGM surety policies.

TABLE 3 - AUTHORIZED BUT UNISSUED REVENUE BONDS ⁽¹⁾

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

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

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

Fiscal Year Ending 9/30	Meters in Service	Total Water Pumped, M.G.	Average Pumped Daily, M.G.D.	Maximum Day's Pumpage, M.G.D.	Average GPD Per Meter	Ratio Maximum Day to Average Day
2013	242,641	45,230.3	123.9	262.10	511	2.12x
2014	240,710	44,760.4	122.6	240.30	509	1.96x
2015	244,162	44,841.0	122.9	281.90	503	2.29x
2016	245,842	43,953.7	120.4	191.00	490	1.59x
2017	252,460	43,751.1	119.9	263.30	475	2.20x

- (1) Source: City's Water Department.

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

Customer	Total 2017 Consumption (Gallons)	Revenue	% of Total Water Usage
Miller Brewing Company	656,527,773	\$ 2,122,460	1.17%
Alcon Laboratories	394,207,929	1,579,492	0.70%
Fort Worth Independent School District	252,019,481	1,367,745	0.45%
Lockheed Martin Corp Aircraft	228,645,095	742,957	0.41%
Texas Christian University	219,387,806	1,066,382	0.39%
Texas Health Resources	210,874,653	967,214	0.38%
Tarrant County	167,328,412	713,691	0.30%
Premium WC Inc.	153,203,923	534,279	0.27%
Bell Helicopter Textron	148,377,331	539,487	0.26%
Zoological Assn	146,553,463	582,872	0.26%
	<u>2,577,125,866</u>	<u>\$ 10,216,579</u>	<u>4.59%</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
2013	18,416.2	10,942.8	3,282.1	23,004.8	3,914.7	59,560.6
2014	17,553.3	10,078.0	2,746.3	21,416.0	3,244.2	55,037.8
2015	17,149.1	9,874.2	2,611.1	21,056.0	3,245.4	53,935.8
2016	17,325.5	10,257.3	3,129.2	20,146.0	3,482.0	54,340.0
2017	17,198.2	11,040.9	3,317.1	20,975.4	3,514.6	56,046.2

(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
2013	45,230.3	22,698.8	67,929.1
2014	44,760.4	20,723.9	65,484.3
2015	44,841.0	20,278.0	65,119.0
2016	43,953.7	19,208.2	63,161.9
2017	43,751.1	21,066.1	64,817.2

(1) Source: City's Water Department.

TABLE 8 - MONTHLY WATER RATES (EFFECTIVE JANUARY 1, 2018) ⁽¹⁾

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 ⁽²⁾

Inside City Limits		Outside City Limits	
Meter Size	Monthly Service Charge	Meter Size	Monthly Service Charge
5/8" x 3/4"	\$ 12.10	5/8" x 3/4"	\$ 15.13
3/4" x 3/4"	12.35	3/4" x 3/4"	15.44
1"	25.55	1"	31.94
1 1/2"	48.00	1 1/2"	60.00
2"	75.00	2"	93.75
3"	198.40	3"	248.00
4"	339.80	4"	424.75
6"	721.45	6"	901.81
8"	1,260.20	8"	1,575.25
10"	1,888.75	10"	2,360.94

(1) Source: City's Water Department.

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

TABLE 9 - MONTHLY WATER RATES (VOLUME CHARGE ONLY) ⁽¹⁾Volume Charge: Based on volume of water used. (EFFECTIVE JANUARY 1, 2018) ⁽²⁾***Inside City Limits***

Residential Customers Rate		Irrigation Rate		Gas Well Driller Rate	
Cubic Feet	Rate	Cubic Feet	Rate	Cubic Feet	Rate
First 600	\$2.12 per 100 Cu. Ft.	First 5,000	\$2.99 per 100 Cu. Ft.	All	\$5.85 per 100 Cu. Ft.
Next 1,200	2.97 per 100 Cu. Ft.	Next 5,000	3.40 per 100 Cu. Ft.		
Next 1,200	3.79 per 100 Cu. Ft.	Over 10,000	4.25 per 100 Cu. Ft.		
Over 3,000	4.56 per 100 Cu. Ft.				

Commercial Rate		Industrial Rate		Super User	
Cubic Feet	Rate	Cubic Feet	Rate	Cubic Feet	Rate
All	\$2.54 per 100 Cu. Ft.	All	\$2.50 per 100 Cu. Ft.	All	\$2.48 per 100 Cu. Ft.

Outside City Limits

Residential Customers Rate		Irrigation Rate		Gas Well Driller Rate	
Cubic Feet	Rate	Cubic Feet	Rate	Cubic Feet	Rate
First 600	\$2.65 per 100 Cu. Ft.	First 5,000	\$3.74 per 100 Cu. Ft.	All	\$7.31 per 100 Cu. Ft.
Next 1,200	3.71 per 100 Cu. Ft.	Next 5,000	4.25 per 100 Cu. Ft.		
Next 1,200	4.74 per 100 Cu. Ft.	Over 10,000	5.31 per 100 Cu. Ft.		
Over 3,000	5.70 per 100 Cu. Ft.				

Commercial Rate		Industrial Rate		Super User	
Cubic Feet	Rate	Cubic Feet	Rate	Cubic Feet	Rate
All	\$3.18 per 100 Cu. Ft.	All	\$3.13 per 100 Cu. Ft.	All	\$3.10 per 100 Cu. Ft.

Raw Water Service
(Effective October 1, 2017)

All use per month	\$1.25305 per 1,000 gallons inside Tarrant Regional Water District
All use per month	\$1.25905 per 1,000 gallons outside Tarrant Regional Water District

(1) Source: City's Water Department and the City Code, as amended.

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

TABLE 10 - RATES FOR WHOLESALE WATER CONTRACTS

Rates for Wholesale Water Service
(Effective October 1, 2017)

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

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

Charges to the City for water sold to customers inside the District include a raw water component, plus a street rental charge of 5% and a system loss charge of 4% which increases the raw water cost to wholesale customers inside the District to \$1.36583 per 1,000 gallons. The Volume Charge is made up of two components: (1) the total raw water cost to the wholesale customer of \$1.36583 per 1,000 gallons; and (2) the cost of treatment, pumping, etc. to deliver water to the wholesale customer's meter at \$0.9927 per 1,000 gallons. The total volume charge will be \$2.35853 per 1,000 gallons.

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

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

	Inside District	Outside District
Volume Charge, per 1,000 Gallons	\$ 2.35853	\$ 2.36506
Excess Maximum Day Demand (per MGD of daily demand in excess of average day demand)	\$ 159,516	\$ 159,516
Excess Maximum Hour Demand (annual charge per MGD of hourly demand in excess of maximum day demand)	\$ 45,598	\$ 45,598
Service Charge per Meter per Month	\$ 25	\$ 25

2. Annual payments will be the greater of the following:
 - a. The charges calculated by applying the current Volume Charge to annual consumption, the appropriate meter reading and billing charge, and the Rate of Use Charge for the current fiscal year; or
 - b. The current fiscal year volume charge, the appropriate meter reading and billing charge, and the current Fiscal Year Rate of Use Charge applied to the average of the Maximum Day Demand above Average Daily Use and the average of the Maximum Hour Demand above Maximum Day Demand for the most recently completed three Fiscal Years, which include the current Fiscal Year; or
 - c. If no water is taken during the year, a stand-by charge applies

TABLE 11 - STATUS OF CONTRACTS – WHOLESALE CUSTOMERS

Wholesale Customer	Contract Expiration Date			Wholesale Customer	Contract Expiration Date		
	Water	Wastewater*	Reclaimed Water		Water	Wastewater*	Reclaimed Water
Aledo	9/30/2031	(2)	(3)	Lake Worth	9/30/2031	5/8/2017	(3)
Arlington	(1)	(2)	2/2/1930	Northlake	9/30/2031	(2)	(3)
Benbrook	9/30/2031	5/14/2017	(3)	North Richland Hills	9/30/2031	5/8/2017	(3)
Bethesda Water Supply	9/30/2031	4/30/2017	(3)	Pantego	(1)	5/8/2017	(3)
Blue Mound	(1)	6/2/2017	(3)	Richland Hills	9/30/2031	6/8/2017	(3)
Burleson	9/30/2031	5/8/2017	(3)	River Oaks	9/30/2031	5/8/2017	(3)
Crowley	9/30/2031	5/8/2017	(3)	Roanoke	9/30/2031	(2)	(3)
DFW Airport	9/30/2031	(2)	2/2/1930	Saginaw	9/30/2031	5/14/2017	(3)
Dalworthington Gardens	9/30/2031	(2)	(3)	Sansom Park	9/30/2031	5/8/2017	(3)
Edgecliff Village	9/30/2031	5/8/2017	(3)	Southlake	9/30/2031	(2)	(3)
Eules	(1)	(2)	2/2/1930	Trinity River Authority	(1)	12/21/2017	(3)
Everman	9/30/2031	5/8/2017	(3)	Trinity River Authority (Mosier Valley)	10/22/2017	(2)	(3)
Forest Hill	9/30/2031	5/8/2017	(3)	Trophy Club Municipal Utility District 1	9/30/2031	(2)	(3)
Grand Prairie	9/30/2031	(2)	(3)	Watauga ⁽¹⁾	(1)	5/8/2017	(3)
Haltom City	9/30/2031	5/8/2017	(3)	Westlake	9/30/2031	(2)	(3)
Haslet	9/30/2031	(2)	(3)	Westover Hills	9/30/2031	10/1/2017	(3)
Hurst	9/30/2031	5/8/2017	(3)	Westworth Village	9/30/2031	5/8/2017	(3)
Keller	9/30/2031	(2)	(3)	White Settlement	9/30/2031	5/12/2017	(3)
Kennedale/D. Strickland	9/30/2031	9/30/2017	(3)				

(1) The City of Fort Worth does not supply water to this entity.

(2) The City of Fort Worth does not treat wastewater from this entity.

(3) The City of Fort Worth does not supply reclaimed water to this entity.

* All current wholesale wastewater contracts expire in 2017, are in the process of being renewed for an additional 20-year term.

Note: Source: City of Fort Worth Water Department

TABLE 12 - TEN LARGEST WASTEWATER CUSTOMERS ⁽¹⁾

Customer	Total 2017 Usage (Gallons)	Revenue	% of Total Wastewater Usage
Miller Brewing Company	413,645,437	\$ 2,472,876	1.19%
Alcon Laboratories	260,217,645	1,108,938	0.75%
Fort Worth ISD	171,970,539	1,063,646	0.50%
Texas Health Resources	165,194,320	992,394	0.48%
Texas Christian University	122,760,666	738,293	0.35%
Tarrant County	122,542,872	730,423	0.35%
Lockheed Martin Tactical A/S	116,661,063	510,356	0.34%
Bell Helicopter Textron	92,567,941	381,362	0.27%
Kroger Company	86,135,411	766,079	0.25%
Cott Beverages USA	84,712,450	496,514	0.24%
	<u>1,636,408,344</u>	<u>\$ 9,260,881</u>	<u>4.72%</u>

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

TABLE 13 - WASTEWATER SALES BY CUSTOMER CLASS FROM FISCAL YEAR 2017 BILLING RECORDS ⁽¹⁾

Customer Class	Number of Accounts	Volume Billed MG	Sales
Residential	221,276	11,608.5	\$ 73,537,622
Commercial	13,734	9,186.4	54,360,829
Commercial Monitored ⁽²⁾	871	494.9	2,004,802
Industrial	162	88.7	558,815
Industrial Monitored ⁽²⁾	177	1,014.5	3,912,645
Municipalities	23	11,195.1	27,384,025
Effluent	6	1,128.0	4,471,988
Total	<u>236,249</u>	<u>34,716.1</u>	<u>\$ 166,230,726</u>

(1) Source: City's Water Department.

(2) Monitored customers are broken out separately as they are also charged for their Bio-chemical Oxygen Demand and Total Suspended Solids

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TABLE 14 - WASTEWATER RETAIL SERVICE RATES (EFFECTIVE JANUARY 1, 2018)

The following schedule of rates per month, or fraction thereof, shall be the charges to all residential and nonresidential customers for furnishing sewerage service to such customers located within the City. The residential monthly volume charge for sewerage service shall be the charges to the residential class for furnishing sewerage service to residential sewer customers located within the City. The nonresidential monthly volume charge for sewerage service shall be the charges to the nonresidential customer class for furnishing sewerage service to nonresidential sewer customers located within the City.

Monthly Service Charge for Sewerage Service Only

Inside City Limits		Outside City Limits ⁽¹⁾	
Meter Size (inches)	Monthly Charge	Meter Size (inches)	Monthly Charge
5/8" x 3/4"	\$ 6.50	5/8" x 3/4"	\$ 8.13
3/4" x 3/4"	6.80	3/4" x 3/4"	8.50
1"	10.80	1"	13.50
1 1/2"	18.75	1 1/2"	23.44
2"	28.30	2"	35.38
3"	72.15	3"	90.19
4"	122.35	4"	152.94
6"	257.80	6"	322.25
8"	449.00	8"	561.25
10"	672.15	10"	840.19
12"	840.19	12"	1,050.24

Monthly Volume Charge for Sewerage Service Only

A monthly volume charge shall also be charged to residential customers in the amount of three dollars and ninety four cents (\$3.94) per one hundred (100) cubic feet of water used, and to nonresidential/non-monitored customers in the amount of four dollars and fourteen cents (\$4.14) 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. 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.

A monthly volume charge shall be charged to monitored customers in the amount of two dollars and fifty seven cents (\$2.57) per one hundred (100) cubic feet of water used. The Bio-chemical Oxygen Demand ("BOD") strength charge shall be \$0.2750 per pound of BOD, the suspended solids strength charge shall be \$0.1816 per pound of suspended solids and the dissolved solids strength charge will be \$0.0420 per pound of dissolved solids (applicable to gas well drillers). Monitoring and pretreatment charge will be equal to the actual cost incurred.

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

TABLE 15 - WASTEWATER WHOLESALE SERVICE RATES (EFFECTIVE OCTOBER 1, 2017)

Rates for Wholesale Wastewater Contracts ⁽¹⁾	
Volume (\$/1,000 gallons)	\$ 1.1445
BOD (\$/pound)	\$ 0.4241
Total Suspended Solids (\$/pound)	\$ 0.2300
Customer (\$/month)	\$ 75.00

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

CITY OF GRAND PRAIRIE, TEXAS

TABLE 1 - WATERWORKS AND SEWER SYSTEM CONDENSED STATEMENT OF OPERATIONS

	Fiscal Year Ended September 30,				
	2017	2016	2015	2014	2013
Revenues ⁽¹⁾					
Sales to Customers	\$40,565,531	\$39,054,285	\$35,847,333	\$34,322,525	\$33,686,226
Wastewater Charges to Customers	26,663,505	24,983,819	23,500,825	22,678,679	21,384,096
Water Surcharge/Monitoring	870,104	722,154	698,342	653,220	684,472
Impact Fees	2,652,051	2,407,003	1,789,880	1,794,292	1,394,620
Other	2,273,191	2,860,418	3,376,881	2,461,893	2,068,490
Total Revenues	<u>\$73,024,382</u>	<u>\$70,027,679</u>	<u>\$65,213,261</u>	<u>\$61,910,609</u>	<u>\$59,217,904</u>
Expenses ⁽²⁾					
Salaries & Personnel Benefits	\$ 8,149,266	\$ 7,690,878	\$ 6,983,821	\$ 7,059,406	\$ 6,529,641
Professional Services	9,637,701	6,672,050	5,573,076	5,292,120	4,609,048
Franchise Fees	2,691,080	2,561,398	2,376,121	2,283,480	2,193,657
Water Purchase	14,780,509	14,223,378	12,370,857	11,850,914	10,924,656
Wastewater Treatment	14,988,513	15,346,644	14,726,953	12,716,847	11,790,989
Other ⁽³⁾	5,284,002	5,035,914	4,754,974	4,649,753	4,798,751
Total Expenses	<u>\$55,531,071</u>	<u>\$51,530,262</u>	<u>\$46,785,802</u>	<u>\$43,852,520</u>	<u>\$40,846,742</u>
Available for Debt Service	<u>\$17,493,311</u>	<u>\$18,497,417</u>	<u>\$18,427,459</u>	<u>\$18,058,089</u>	<u>\$18,371,162</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 9/30/2017	\$ 3,743,014
Coverage of Average Annual Requirements based on 9/30/2017 Revenue Available for Debt Service	4.67x
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 9/30/2017	\$ 6,512,265
Coverage of Total Requirements based on 9/30/2017 Revenue Available for Debt Service	2.69x

TABLE 3 - AUTHORIZED BUT UNISSUED REVENUE BONDS

As of September 30, 2017, the City has no authorized revenue bonds.

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TABLE 4 - DALLAS WATER UTILITIES

Fiscal Year Ended 9/30	Dallas Water Utilities		City of Ft. Worth	City of Cedar Hill/Midlothian	Total Cost of Water Purchased
	Volume Charges	Demand Charges	Volume Charges	Volume Charges	
2013	\$ 2,901,935	\$ 6,854,133	\$ 1,168,588	\$ -	\$ 10,924,656
2014	2,770,594	7,062,206	1,648,226	-	11,481,026
2015	2,561,969	7,547,810	1,687,495	735,927	12,533,201
2016	3,687,583	8,228,711	1,582,870	1,582,870	15,082,034
2017	3,246,558	9,119,618	1,336,357	2,186,657	15,889,190

TABLE 5 - WATER AND WASTEWATER RATES (EFFECTIVE OCTOBER 1, 2016) ⁽¹⁾

Water Rates (Per 1,000 Gallons)	Previous (10/01/2016)	Present (10/01/2017)
Classification		
Residential		
Per 1,000 gallons, total usage 3,000 gallons or less	\$ 0.12	\$ 0.12
Per 1,000 gallons, total usage more than 3,000 gallons, and up to and including 20,000 gallons	3.85	3.87
Per 1,000 gallons, all quantities over 20,000 gallons	6.63	6.93
Commercial	4.05	4.31
Industrial	4.05	4.31
Governmental	3.47	3.62
Fire Hydrant	7.74	8.07
Minimum Monthly Charge (Based on Meter Size):		
5/8" of 3/4"	\$ 13.57	\$ 14.18
1"	17.46	18.25
1 1/4"	20.89	21.83
1 1/2"	22.68	23.70
2"	37.34	39.02
3"	115.79	121.00
4"	143.55	150.01
6"	215.22	224.90
8"	299.53	313.01
10"	312.52	326.58
12"	328.84	343.64
Wastewater Rates (Per 1,000 Gallons)		
Classification		
Residential	\$ 3.78	\$ 3.95
Commercial	4.80	5.11
Industrial	4.80	5.11
Governmental	4.06	4.24
Wastewater Minimum charges based on meter size		
5/8" of 3/4"	\$ 12.37	\$ 12.93
1"	13.40	14.00
1 1/4"	15.63	16.33
1 1/2"	16.29	17.02
2"	19.43	20.30
3"	28.77	30.06
4"	38.18	39.90
6"	59.25	61.92
8"	83.83	87.60
10"	107.32	112.15
12"	120.24	125.65

(1) Source: City Staff.

TABLE 6 - AVERAGE DAILY WATER USAGE (GALLONS)

<u>Fiscal Year Ended</u>	<u>Average Daily Usage</u>	<u>Maximum Day's Use</u>	<u>Total Pumped In</u>
2013	23,500,103	39,519,048	8,577,537,610
2014	22,967,566	37,716,995	8,383,161,546
2015	23,171,895	40,257,400	8,457,741,334
2016	24,564,056	42,474,976	8,966,030,397
2017	25,613,487	36,316,452	9,348,922,755

TABLE 7 - AVERAGE DAILY WASTEWATER FLOW

<u>Fiscal Year Ended</u>	<u>Average Daily Flow</u>
2013	14,234,168
2014	14,109,478
2015	17,862,300
2016	16,569,421
2017	16,307,400

TABLE 8 - WASTEWATER TREATMENT

<u>Fiscal Year Ended 9/30</u>	<u>Operation and Maintenance</u>	<u>Wastewater Treatment</u>		<u>Joe Pool Intake</u>	<u>Joe Pool Corp of Engineers</u>	<u>Total</u>
		<u>Debt Service</u>	<u>Subtotal</u>			
2013	\$ 4,360,828	\$ 6,546,256	\$ 10,907,084	\$ 7,390	\$ 381,637	\$ 11,296,111
2014	4,234,724	7,602,156	11,836,880	7,190	397,690	12,241,760
2015	5,774,796	8,060,760	13,835,556	6,750	387,511	14,229,817
2016	5,895,397	8,559,504	14,454,901	6,782	396,612	14,858,295
2017	5,946,771	8,153,527	8,153,527	8,347	201,735	14,310,380

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TABLE 9 - TEN LARGEST WATER AND WASTEWATER CUSTOMERS

Customers	Fiscal Year Ended September 30, 2017			
	Total	Amount Billed		
	Consumption ⁽¹⁾	Billed	Water	Wastewater
Coca-Cola North America	121,760	\$ 784,401	\$ 493,128	\$ 291,273
Bell Helicopter	108,350	854,882	438,818	416,064
Lockheed-Martin	65,916	520,077	266,960	253,117
FRBH Silverbrook	54,523	544,756	360,820	183,936
North Texas Healthcare Laundry	52,784	415,278	214,223	201,055
KMB Produce	44,293	350,765	182,417	168,348
Poly America Inc.	42,771	328,845	173,223	155,622
Bigelow Colorado DBA Budget Suites	42,318	319,896	171,388	148,508
Manor Redevelopment	27,766	306,725	194,771	111,954
JK 360 North LLLP	26,954	268,502	177,815	90,687
Totals	587,435	\$ 4,694,127	\$ 2,673,563	\$ 2,020,564

(1) In 1,000 Gallons.

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CITY OF GRAPEVINE, TEXAS

TABLE 1 - WATERWORKS AND SEWER SYSTEM CONDENSED STATEMENT OF OPERATIONS

	Fiscal Year Ended September 30,				
Revenues:	2017	2016	2015	2014	2013
Charges for Services	\$ 23,717,015	\$ 22,972,123	\$ 22,433,799	\$ 23,667,335	\$ 20,184,879
<u>Operating Expenses:</u> ⁽¹⁾					
Salaries and Benefits	\$ 3,084,396	\$ 3,254,834	\$ 3,039,975	\$ 3,064,917	\$ 2,916,459
Maintenance, Repairs and Supplies	11,722,817	13	9,936,229	10,596,496	9,871,647
General and Administrative	3,083,757	40	3,306,996	2,949,145	3,123,542
Total Operating Expenses	<u>\$ 17,890,970</u>	<u>\$ 85</u>	<u>\$ 16,283,200</u>	<u>\$ 16,610,558</u>	<u>\$ 15,911,648</u>
Net Revenue from Operations	\$ 5,826,045	134.33 \$ 301	\$ 6,150,599	\$ 7,056,777	\$ 4,273,231
Investment Income	304,108	512	43,090	20,091	151,267
Impact Fee - Balance	3,466,783	909	2,649,103	2,612,102	8,031,864
Other Net	-	-	-	-	-
Net Available for Debt Service	<u>\$ 9,596,936</u>	<u>\$ 8,965,745</u>	<u>\$ 8,842,792</u>	<u>\$ 9,688,970</u>	<u>\$ 12,456,362</u>
Average Annual Debt	\$ -	\$ -	\$ -	\$ -	\$ 283,870
Average Annual Debt Coverage	0.00x	0.00x	0.00x	0.00x	43.88x
Average Annual Debt Coverage without Impact Fees	0.00x	0.00x	0.00x	0.00x	15.59x
Water Customers	14,732	14,665	14,564	14,476	14,517
Wastewater Customers	13,632	13,570	13,452	13,387	13,315

(1) Excludes depreciation and amortization.

TABLE 2 - COVERAGE AND FUND BALANCES

As of September 30, 2017, the City has no water and sewer revenue bonds outstanding.

TABLE 3 - WATER USAGE

Fiscal Year	Peak Day Usage	Average Day Usage	Total Usage ⁽¹⁾
2013	18,863,000	10,379,000	3,797,786,000
2014	16,308,000	9,495,000	3,473,130,000
2015	19,167,000	9,377,000	3,431,263,000
2016	17,666,000	9,306,000	3,402,470,000
2017	15,384,000	9,195,000	3,363,064,000

(1) Water consumption pumped or treated.

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TABLE 4 - MONTHLY WATER RATES (EFFECTIVE DECEMBER 1, 2017)

General Water Consumption		
First	2,000 gallons	\$13.48 (Minimum)
Over	2,000 gallons	3.78/1,000 gal

Size of Meter	Minimum Gallons	Minimum Monthly Charges
3/4" or less	2,000	\$ 13.48
1"	9,000	39.89
1 1/2"	21,000	85.24
2"	34,000	134.33
3"	78,000	300.57
4"	100,000	383.68
6"	134,000	512.13
8"	239,000	908.78
Larger than 8"		To be agreed

Fire sprinkler connection - \$32.40

TABLE 5 - MONTHLY SEWER RATES (EFFECTIVE DECEMBER 1, 2017)

Residential Service			Commercial Service		
First	2,000 gallons	\$10.17 (Minimum)	First	2,000 gallons	\$15.01 (Minimum)
Next	13,000 gallons	4.25/M gallons	Over	2,000 gallons	4.25 /M gallons

TABLE 6 - APPLICATION AND COST DEPOSIT FOR WATER, WASTEWATER AND REFUSE SERVICE (EFFECTIVE DECEMBER 1, 2017)

Single-Family residential, minimum ⁽¹⁾	\$ 50.00
Multi-Family (apartments), (payable on per dwelling unit basis)	40.00
Commercial, minimum	40.00
Commercial, sprinkler systems (per meter)	40.00
Industrial, minimum	230.00
3/4" Construction Meter	125.00
2" Construction Meter	750.00
Master Deposit Account	250.00

(1) Only one deposit shall be required when more than one meter is installed at a single-family residence.

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CITY OF HURST, TEXAS

TABLE 1 - WATERWORKS AND SEWER SYSTEM CONDENSED STATEMENT OF OPERATIONS

	Fiscal Year Ended September 30,				
	2017	2016	2015	2014	2013
<u>Revenues</u>					
Water Sales	\$ 13,102,864	\$ 12,313,046	\$ 12,102,351	\$ 11,766,691	\$ 19,287,736
Storm Water Drainage	7,596,710	7,278,484	6,956,840	6,851,507	-
Interest on Investments	484,013	392,605	441,256	448,420	108,544
Miscellaneous	143,376	28,944	204,036	57,844	526,414
Total Revenue	<u>\$ 21,326,963</u>	<u>\$ 20,013,079</u>	<u>\$ 19,704,483</u>	<u>\$ 19,124,462</u>	<u>\$ 19,922,694</u>
<u>Expenses</u>					
Personnel Services	\$ 4,451,203	\$ 4,144,301	\$ 3,880,847	\$ 3,708,719	\$ 3,647,254
Contractual Services	8,186,274	8,432,147	7,988,111	7,528,438	6,930,669
Repairs and Maintenance	482,141	523,444	606,518	603,786	449,973
Materials and Supplies	139,468	149,565	156,834	150,826	248,101
Indirect Cost/Street Rental Fees	3,632,164	3,598,793	3,520,137	3,454,018	3,523,461
Other	1,110,552	1,408,112	1,206,160	1,068,718	1,096,899
Total Expense	<u>\$ 18,001,802</u>	<u>\$ 18,256,362</u>	<u>\$ 17,358,607</u>	<u>\$ 16,514,505</u>	<u>\$ 15,896,357</u>
Net Available for Debt Service	<u>\$ 3,325,161</u>	<u>\$ 1,756,717</u>	<u>\$ 2,345,876</u>	<u>\$ 2,609,957</u>	<u>\$ 4,026,337</u>
Water Customers	12,327	12,257	12,226	12,237	11,526
Sewer Customers	12,134	12,129	12,065	12,076	11,227

TABLE 2 - COVERAGE AND FUND BALANCES

As of September 30, 2017, there is no Water and Sewer revenue debt outstanding.

TABLE 3 - AUTHORIZED BUT UNISSUED REVENUE BONDS

As of September 30, 2017, the City has no authorized but unissued revenue debt.

TABLE 4 - HISTORICAL WATER USAGE

Fiscal Year Ended	Water Usage		
	Average Day Usage	Peak Day Usage	Total Usage
	(Gallons)	(Gallons)	(Gallons)
9/30			
2013	5,573,938	9,032,000	2,034,487,540
2014	5,288,853	8,713,000	1,930,431,260
2015	4,961,155	8,718,000	1,810,821,410
2016	4,910,762	8,236,000	1,797,338,820
2017	5,164,517	7,764,000	1,885,048,820

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TABLE 5 - MONTHLY WATER RATES (EFFECTIVE OCTOBER 1, 2017) *

All customers		
Minimum	2,000 gallons *	\$17.26
Over	2,000 gallons	6.94 per 1,000 gallons

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

TABLE 6 - MONTHLY SEWER RATES (EFFECTIVE OCTOBER 1, 2017) *

All customers	
Minimum	12.49
All Flows	4.01 per 1,000 gallons

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CITY OF IRVING, TEXAS

TABLE 1 - CONDENSED STATEMENT OF OPERATIONS

	Fiscal Year Ended September 30				
	2017	2016	2015	2014	2013
Operating Revenues:					
Charges for Services	\$ 106,758,462	\$ 92,380,186	\$ 84,826,371	\$ 82,397,005	\$ 85,156,773
Total Operating Revenues	\$ 106,758,462	\$ 92,380,186	\$ 84,826,371	\$ 82,397,005	\$ 85,156,773
Operating Expenses:					
Water Purchases	\$ 12,254,911	\$ 11,699,744	\$ 7,193,237	\$ 7,624,894	\$ 8,322,118
Sewer Treatment Costs	23,071,870	22,124,569	20,691,620	19,513,766	15,393,266
Personnel Services	12,040,573	12,058,898	11,361,206	10,611,547	9,938,012
Pension Expense	1,211,611	891,179	3,298,895	-	-
Supplies	3,052,070	1,963,383	4,736,459	3,028,169	3,291,648
Maintenance	2,322,477	2,199,005	2,278,713	2,472,965	2,054,143
Light and Power	1,428,704	1,784,222	2,730,196	2,506,985	2,452,385
Depreciation	15,813,271	15,230,320	14,590,852	14,012,112	13,472,931
Sundry Charges	252,380	352,380	651,120	688,120	617,800
Administrative Charges	5,443,749	6,049,016	5,928,411	5,964,193	5,729,395
Other	4,046,862	3,378,480	3,000,437	2,636,329	2,451,161
Total Operating Expenses	\$ 80,938,478	\$ 77,731,196	\$ 76,461,146	\$ 69,059,080	\$ 63,722,859
Operating income (loss)	\$ 25,819,984	\$ 14,648,990	\$ 8,365,225	\$ 13,337,925	\$ 21,433,914
Add:					
Depreciation	15,813,271	15,230,320	14,590,852	14,012,112	13,472,931
Pension Expense	1,211,611	891,179	3,298,895	-	-
Interest Income	724,660	361,083	120,907	123,006	151,672
Net Revenue Available for Debt Service	\$ 43,569,526	\$ 31,131,572	\$ 26,375,879	\$ 27,473,043	\$ 35,058,517
Average Annual Debt Service Requirement	\$ 11,254,766	\$ 11,035,695	\$ 11,189,219	\$ 12,056,504	\$ 12,551,322
Coverage Ratio	3.87 ⁽¹⁾	2.82 ⁽¹⁾	2.36 ⁽¹⁾	2.28	2.79
Maximum Annual Debt Service Requirement	\$ 23,239,207	\$ 22,353,936	\$ 21,559,468	\$ 21,956,960	\$ 21,559,468
Coverage Ratio	1.87 ⁽¹⁾	1.39 ⁽¹⁾	1.22 ⁽¹⁾	1.25	1.63
Water Customers	See "Connections" Table				
Sewer Customers					

⁽¹⁾ GASB 68 implemented in FY 2015 requires the recognition of pension expense based on actuarial valuations. This obligation has been excluded from the coverage calculation based on the definition of net revenues available for debt service in the Ordinances.

CONNECTIONS

	Fiscal Year Ended September 30,				
	2017 ⁽¹⁾	2016 ⁽²⁾	2015 ⁽³⁾	2014 ⁽⁴⁾	2013 ⁽⁵⁾
Water Customers	47,504	46,966	46,745	45,558	45,184
Sewer Customers	44,741	43,505	43,849	42,988	42,803

(1) Includes 1,053 master meters (excluding private fire) serving 54,104 apartments and other multiple units

(2) Includes 1,064 master meters (excluding private fire) serving 53,552 apartments and other multiple units

(3) Includes 1,060 master meters (excluding private fire) serving 52,725 apartments and other multiple units

(4) Includes 1,046 master meters (excluding private fire) serving 51,649 apartments and other multiple units

(5) Includes 1,055 master meters (excluding private fire) serving 51,674 apartments and other multiple units

TABLE 2 - COVERAGE AND FUND BALANCES

Average Annual Principal and Interest Requirements, 2018 - 2037	\$ 11,254,766
Coverage of Average Requirements by 2017 Net Revenue Available for Debt Service	3.87
Maximum Principal and Interest Requirements, 2018 ⁽¹⁾	\$ 23,239,207
Coverage of Maximum Requirements by 2018 Net Revenue Available for Debt Service	1.87
Waterworks and Sewer System Revenue Bonds Outstanding, September 30, 2017	\$ 173,790,000
New Lien Bond Interest and Sinking Fund, 9/30/17	\$ 3,014,204
New Lien Bond Reserve Fund, 9/30/17	\$ 7,738,656

(1) 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, 2017, the City does not have any authorized but unissued revenue bonds.

TABLE 4 - HISTORICAL WATER CONSUMPTION (THOUSANDS OF GALLONS)

Fiscal Year Ended 9/30	Daily Average	Peak Day	Peak Month	Water Pumped	Water Billed	Water Revenue
2013	35,286	65,950	1,591,320	12,879,440	12,364,289	\$ 49,664,017
2014	33,611	54,000	1,293,083	12,278,821	11,739,914	47,393,235
2015	31,420	63,000	1,635,510	11,467,400	11,679,810	50,346,757
2016	34,004	65,000	1,576,720	12,411,410	12,231,101	55,917,625
2017	35,792	56,000	1,410,960	13,689,570	12,115,652	62,064,292

*Due to a metering issue with the City of Dallas, not all water provided to the City of Irving was captured.

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	348,660	2.88%	\$ 1,249,484	2.01%
America's Beverage	Soft Drink Bottler	189,285	1.56%	678,301	1.09%
Irving ISD	School District	109,528	0.90%	465,970	0.75%
Sluder Estates, LLC	Apartments	104,375	0.86%	459,800	0.74%
Oak Villas Apartments LLC	Apartments	62,287	0.51%	280,317	0.45%
Lake Carolyn REIT, LLC	Apartments	60,674	0.50%	274,420	0.44%
Bel Air at Las Colinas TT LLC	Apartments	52,697	0.43%	273,514	0.44%
Las Colinas Association	Homeowner's Association	50,545	0.42%	212,898	0.34%
Valley Ranch Master Association	Homeowner's Association	50,385	0.42%	220,697	0.36%
University of Dallas	University	49,601	0.41%	225,192	0.36%
Total		1,078,037	8.90%	\$ 4,340,593	6.99%

TABLE 6 - MONTHLY WATER RATES

	<u>Present Rates</u> <u>(Effective 10/1/2016)</u>	<u>Present Rates</u> <u>(Effective 10/1/2017)</u>
(a) Monthly Service Charge		
First 3,000 gallons of water, or less		
5/8" and 3/4" Meter	\$ 10.74	\$ 11.38
1" Meter	13.02	13.79
1 1/2" Meter	18.25	19.33
2" Meter	25.76	27.28
3" Meter	41.47	43.92
4" Meter	58.04	61.47
6" Meter	101.51	107.50
8" Meter	128.19	135.76
10" Meter	186.33	197.33
12" Meter	277.46	293.84
(b) Residential water rates:		
Next 7,000 gallons , per 1,000 gallons	\$ 4.34	\$ 4.60
Next 10,000 gallons, per 1,000 gallons	4.68	4.96
All over 20,000 gallons:		
October-May consumption, per 1,000 gallons	\$ 5.00	\$ 5.30
June -September consumption, per 1,000 gallons	5.50	5.83
(c) Apartment water rates:		
Next 7,000 gallons , per 1,000 gallons	\$ 4.34	\$ 4.60
Next 10,000 gallons, per 1,000 gallons	4.68	4.96
All over 20,000 gallons:		
October-May consumption, per 1,000 gallons	\$ 5.00	\$ 5.30
June -September consumption, per 1,000 gallons	5.50	5.83
(d) Commercial water rates:		
Next 7,000 gallons , per 1,000 gallons	\$ 4.34	\$ 4.60
Next 10,000 gallons, per 1,000 gallons	4.68	4.96
All over 20,000 gallons:		
October-May consumption, per 1,000 gallons	\$ 5.00	\$ 5.30
June -September consumption, per 1,000 gallons	5.50	5.83
(e) Large Industrial water rates:		
All over 3,000 gallons, per 1,000 gallons	\$ 4.10	\$ 4.35

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TABLE 7 - WASTEWATER USAGE (THOUSANDS OF GALLONS)

Fiscal Year Ended 9/30	Daily Average	Monthly Average	Total Usage	Total Revenues
2013	22,388	680,958	8,171,499	\$ 26,509,538
2014	22,754	692,309	8,307,704	27,308,004
2015	25,583	778,743	9,344,913	27,104,525
2016	27,639	840,696	10,088,346	29,972,415
2017	24,415	759,288	9,111,457	34,045,731

TABLE 8 - MONTHLY SEWER RATES

		Present Rates (Effective 10/1/2016) per 1,000 gallons	Present Rates (Effective 10/1/2017) per 1,000 gallons
Residential:	First 2,000 gallons	\$ 6.24	\$ 6.62
	Over 2,000 gallons	3.35	3.56
Commercial:	First 10,000 gallons	\$ 31.73	\$ 33.64
	Over 10,000 gallons	3.63	3.85
Industrial:	First 15,000 gallons	\$ 47.61	\$ 50.47
	Over 15,000 gallons	3.63	3.85

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.				
	2017	2016	2015	2014	2013
Gross Revenue ⁽¹⁾	\$ 26,432,673	\$ 20,988,935	\$ 21,521,901	\$ 21,578,141	\$ 20,645,252
Expenses ⁽²⁾					
Water Purchased	8,175,358	8,036,036	8,768,317	7,536,047	6,479,095
Other	11,874,698	11,890,081	8,069,400	7,329,003	6,855,133
Total Expenses	\$ 20,050,056	\$ 19,926,117	\$ 16,837,717	\$ 14,865,050	\$ 13,334,228
Net Revenue Available for Debt Service	\$ 6,382,617	\$ 1,062,818	\$ 4,684,184	\$ 6,713,091	\$ 7,311,024
Water Customers	15,631	15,633	15,431	15,136	14,776
Sewer Customers	13,325	13,323	13,030	12,724	12,307

(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, 2017, the City of Keller, Texas, has no water and sewer revenue debt outstanding.

TABLE 3 - AUTHORIZED BUT UNISSUED REVENUE BONDS

As of September 30, 2017, the City has no authorized but unissued revenue bonds.

TABLE 4 - WATER USAGE ⁽¹⁾

Fiscal Year Ended 30-Sep	Total Number of Pumped Gallons	Average Daily Pumped	Peak Daily Pumped
2013	3,028,498,400	8,298,000	23,465,000
2014	2,843,484,100	7,977,940	18,981,000
2015	2,807,684,607	7,352,000	21,591,000
2016	2,757,023,471	7,532,851	18,299,000
2017	2,926,543,638	8,017,928	19,360,000

(1) Information provided by City Staff.

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TABLE 5 – TEN LARGEST WATER CUSTOMERS

Customer	Type of Industry	Fiscal 2017 Water Usage (000's)	Estimated Percent of Water Usage	Water Revenues Received
City of Keller	Municipal Government	58,868	2.18%	\$243,186
Keller Independent School District	School District	41,763	1.55%	\$314,307
Hidden Lakes Home Owner Ass'n	Residential	18,280	0.68%	\$124,431
Keller Senior Community, LP	Multi-Family residential	7,733	0.29%	\$55,202
Conservatory Senior Housing	Residential	9,343	0.35%	\$66,554
Grand Estates at Keller, LP	Multi-Family Residential	8,795	0.33%	\$64,339
Olympus Town Center	Apartments	5,481	0.20%	\$39,944
Olympus Town Center	Apartments Irrigation	4,930	0.18%	\$34,646
Keller Oaks Healthcare Center	Nursing Home/Assisted Living	5,959	0.22%	\$41,747
Flanigan Hill HOA	Residential	4,673	0.17%	\$33,426
		<u>165,825.00</u>	<u>6.14%</u>	<u>\$1,017,782</u>
	All Other Customers	2,535,241	93.86%	17,222,198
	Total Water Sold	<u>2,701,066</u>	<u>100.00%</u>	<u>\$ 18,239,980</u>

TABLE 6 – MONTHLY WATER RATES (EFFECTIVE DECEMBER 1, 2017) ⁽¹⁾

	Residential		Non-Residential	
	\$	20.21 Minimum ⁽²⁾	\$	20.21 Minimum ⁽²⁾
0 to 2,000 gallons				
0 to 2,000 gallons	3.17	/M gallons	3.17	/M gallons
2,001 to 10,000 gallons	4.27	/M gallons	4.27	/M gallons
10,001 to 20,000 gallons	4.65	/M gallons	5.03	/M gallons
20,001 to 25,000 gallons	5.16	/M gallons	5.77	/M gallons
25,001 to 40,000 gallons	6.48	/M gallons	6.48	/M gallons
+40,000 gallons	6.90	/M gallons	6.99	/M gallons

(1) The above rates include the current wholesale pass-through rate of \$2.21 per 1,000 gallons. The volume amount calculated for residential customers is based on the average monthly water consumption during the winter months of December, January and February. This average is effective the first billing in April every year.

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

TABLE 7 – MONTHLY SEWER RATES (EFFECTIVE OCTOBER 1, 2017) ⁽¹⁾

Residential: \$ 14.05 Minimum ⁽¹⁾ plus \$ 4.14 /M Gallons
(Based on December, January and February Average
water consumption) Maximum to 20,000 Gallons

Non Residential: \$ 14.05 Minimum ⁽¹⁾ plus \$ 4.14 /M Gallons
(Based on monthly water consumption, no maximum.)

Outside City limits: 1.15 times the above rates.

(1) The above rates include the current wholesale pass-through rate of \$1.86 per 1,000 gallons. The volume amount calculated for residential customers is based on the average monthly water consumption during the winter months of December, January and February. This average is effective the first billing in April every year.

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

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CITY OF MANSFIELD, TEXAS

TABLE 1 - WATERWORKS AND SEWER SYSTEM CONDENSED STATEMENT OF OPERATIONS

	Fiscal Year Ended September 30,				
<u>Revenues</u>	2017	2016	2015	2014	2013
Water Service	\$ 19,639,307	\$ 18,459,984	\$ 17,105,911	\$ 15,662,227	\$ 15,053,456
Sewer Service	11,533,077	10,863,897	9,790,377	9,267,629	8,600,592
Charges for Services	1,613,957	1,397,430	1,286,973	1,106,380	3,015,063
Interest Earnings	164,312	76,716	16,645	22,178	42,861
Impact Fees	2,357,803	2,320,248	1,894,021	1,596,243	1,508,905
Total Revenues	\$ 35,308,456	\$ 33,118,275	\$ 30,093,927	\$ 27,654,657	\$ 28,220,877
<u>Expenses</u>					
Water Distribution	\$ 16,955,343	\$ 15,971,104	\$ 19,582,199	\$ 19,670,797	\$ 16,494,172
Administration	3,316,384	3,070,093	2,486,140	2,926,209	2,205,885
Total Expenses	\$ 20,271,727	\$ 19,041,197	\$ 17,096,059	\$ 16,744,588	\$ 14,288,287
Net Available for Debt Service	\$ 15,036,729	\$ 14,077,078	\$ 12,997,868	\$ 10,910,069	\$ 13,932,590
Water Customers	21,291	20,807	20,404	19,908	19,871
Sewer Customers	18,765	18,325	17,974	17,717	17,656

TABLE 2 - COVERAGE AND FUND BALANCES

Average Annual Principal and Interest Requirements, 2018-2035	\$ 3,080,192
Coverage of Average Requirements by 9/30/17 Net Income	4.88x
Maximum Principal and Interest Requirements, 2018	\$ 5,875,009
Coverage of Maximum Requirements by 9/30/17 Net Income	2.56x
Waterworks and Sewer System Bonds Outstanding, 9/30/18	\$ 42,135,000
Water and Sewer Sinking and Reserve Fund, 9/30/17	\$ 4,545,479

TABLE 3 - AUTHORIZED BUT UNISSUED REVENUE BONDS

As of September 30, 2017, the City has no authorized unissued revenue debt.

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TABLE 4 - HISTORICAL WATER CONSUMPTION

Fiscal Year Ended 9/30	Total Usage	Peak Day	Average Day
2013	3,619,022,000	20,565,000	9,915,000
2014	3,902,516,000	21,030,000	10,270,000
2015	3,941,276,000	24,680,000	10,770,000
2016	4,273,509,000	23,369,000	11,373,000
2017	4,480,309,000	20,975,000	12,256,000

TABLE 5 - TEN LARGEST WATER CUSTOMERS ⁽¹⁾

Customer	2017 Water Usage	% of Total Water Usage	Water Revenue	Percent of Water Revenues
Johnson County SUD	1,533,217,999	34.22%	\$ 2,047,429	13.08%
Mansfield ISD	118,120,630	2.64%	875,150	5.59%
City of Mansfield	82,691,720	1.85%	505,036	3.23%
Walnut Creek Country Club	68,730,800	1.53%	110,081	0.70%
Methodist Mansfield Medical Center	39,484,030	0.88%	177,863	1.14%
Mansfield National Golf Club	29,198,230	0.65%	41,374	0.26%
Goodman Food Products	28,855,200	0.64%	109,440	0.70%
Equistar Chemicals	28,205,020	0.63%	102,300	0.65%
Mid America Apartments LP	25,589,871	0.57%	128,065	0.82%
South Pointe PID	23,071,700	0.51%	103,600	0.66%
Total	1,977,165,200	44.13%	\$ 4,200,338	26.84%

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

TABLE 6 - MONTHLY WATER RATES

	Current Rates Effective as of October 2017
Meter Size	
Residential < 2,000 Gallons	\$ 7.45
3/4" & 5/8"	22.57
1"	56.43
1 1/2"	112.85
2"	180.56
3"	361.12
4"	620.68
6"	1,263.92
Volume Rate per 1,000 Gallons Water (Effective October 2016)	
	Residential / Commercial
	Industrial
First 2,000 Gallons	\$ -
Next 30,000 Gallons	2.61
Over 32,000 Gallons	3.26
	\$ -
	3.29
	4.11

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TABLE 7 - WASTEWATER USAGE (GALLONS)

Year Ending	Amount in
<u>9/30</u>	<u>Gallons (000)</u>
2013	2,058,804
2014	2,161,063
2015	2,168,915
2016	2,146,619
2017	1,962,366

TABLE 8 - MONTHLY SEWER RATES

	Current Rates Effective as of <u>October, 2017</u>
<u>Residential</u>	
Base 2,000 Gallons	\$ 9.49
Base 2,001 Gallons	27.96
Each 1,000 Over 2,000 Gallons	3.49
Maximum	69.84
Sewer Service Only - Flat Rate	53.97
<u>Commercial</u>	
Base 2,000 Gallons	\$ 27.96
Each 1,000 Over 2,000 Gallons	3.49

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CITY OF NORTH RICHLAND HILLS, TEXAS

TABLE 1 - WATERWORKS AND SEWER SYSTEM CONDENSED STATEMENT OF OPERATIONS

	Fiscal Year Ended September 30,				
	2017	2016	2015	2014	2013
<u>Operating Revenues</u>					
Water and Sewer Service Sales	\$ 30,603,821	\$ 29,330,845	\$ 28,742,666	\$ 29,465,628	\$ 29,202,286
Service Charges	1,010,802	1,002,141	920,165	918,662	920,210
Inspection Fees	179,866	98,137	101,472	87,990	36,235
Assessment Revenue	-	-	-	-	-
Other Intergovernmental	112,583	111,265	60,439	84,842	138,831
Other Revenues	-	-	-	10,898	3,133
Other Income (Expense)	76,305	2,051	2,098	-	-
Investment Income	-	-	-	-	-
Total Revenues	\$ 31,983,377	\$ 30,544,439	\$ 29,826,840	\$ 30,568,020	\$ 30,300,695
<u>Operating Expenses</u> ⁽¹⁾					
Contractual Services	\$ 821,472	\$ 1,827,856	\$ 1,752,357	\$ 1,650,172	\$ 1,723,129
Water Purchases	9,716,518	10,050,265	10,279,601	8,252,196	8,268,079
Wastewater Treatment Services	5,492,011	5,721,262	4,880,490	5,018,420	4,715,471
Personal Services	5,966,250	5,505,015	5,104,575	5,310,489	5,141,377
Repairs and Maintenance	5,537,661	4,261,622	4,252,177	3,798,958	3,958,178
Supplies	352,867	410,294	305,403	317,599	277,003
Payments in Lieu of Taxes	-	-	-	-	-
Administration Fees	-	-	-	-	-
Total Operating Expenses	\$ 27,886,778	\$ 27,776,314	\$ 26,574,603	\$ 24,347,834	\$ 24,083,237
Net Available for Debt Service	\$ 4,096,598	\$ 2,768,125	\$ 3,252,237	\$ 6,220,186	\$ 6,217,458
Water Connections	21,879	21,601	21,301	21,141	20,936 ⁽²⁾
Sewer Connections	20,496	20,248	19,966	19,761	19,603 ⁽²⁾

(1) Excludes Depreciation.

TABLE 2 - COVERAGE AND FUND BALANCES

As of September 30, 2017, there is no Water and Sewer revenue debt outstanding.

TABLE 3 - AUTHORIZED BUT UNISSUED REVENUE BONDS

As of September 30, 2017, the city has no authorized but unissued revenue bonds.

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TABLE 4 - TOP TEN WATER USERS

Customer	Type of Property	FYE 9/30/17 Water Usage (In Gallons)	Percent of Total Water Usage
Doskocil Food (Tyson)	Food Processor	112,507,391	2.90%
Aragon 2014	Apartments	42,301,891	1.10%
BISD	Schools	35,294,111	0.90%
North Hills Hospital	Hospital	37,908,034	1.00%
Bluffs at Iron Horse	Apartments	21,912,361	0.60%
Silver Creek Apts	Apartments	21,828,757	6.00%
Abbey Residential Service	Apartments	16,587,738	0.40%
Star Meadows, LLC	Apartments	16,253,285	0.40%
RFI Hilltop, LLC	Apartments	15,589,868	0.40%
EB COG LP	Apartments	15,499,293	0.40%
		<u>335,682,729</u>	<u>14.10%</u>

TABLE 5 - WATER USAGE

Fiscal Year Ended 9/30	Peak Day Usage	Average Day Usage	Total Usage
2013	19,629,000	9,561,878	3,490,085,380
2014	18,259,000	9,123,328	3,339,137,910
2015	19,318,000	8,716,098	3,181,375,930
2016	19,560,000	8,678,648	3,176,385,060
2017	15,682,000	8,628,669	3,158,092,990

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

1. Billing policy where only one user or building is tied to the same meter:
The monthly bill will be computed as follows. The minimum bill taken from Schedule A plus a volume charge of \$3.16 per 100 cubic feet on monthly volume greater than 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 \$10.00 per unit per month minimum for the first 267 cubic feet of water used per unit, plus a volume charge calculated from Schedule A.
3. Billing for apartment complexes and trailer parks:
 - A. \$10.00 per month for each apartment 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.

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TABLE 7 - SEWER RATES (EFFECTIVE OCTOBER 1, 2016)

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

Commercial Multi Unit/Tenant**All Meter Sizes**

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

All Other Commercial/Industrial Classes**Three quarter inch meter**

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

One inch meter

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

One and one-half inch meter

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

Two inch meter

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

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Three inch meter

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

Four inch meter

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

Six inch meter

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

Eight inch meter

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

Loading Dock/Tank Truck Customers

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

COMMERCIAL MULTI UNIT / TENANT SEWER RATES (EFFECTIVE OCTOBER 1, 2016)

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

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

ALL OTHER COMMERCIAL / INDUSTRIAL CLASSES SEWER RATES

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

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

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TABLE 8 – DEPOSITS

Schedule B (Water and Sewer Deposits) (Effective Jan 1, 2009)							
Customer Type	Water	Sewer without BOD/TSS	Total Deposit without BOD/TSS	Customer Type	Water	Sewer with BOD/TSS	Total Deposit with BOD/TSS
Residential:	\$ 60.00	\$ 40.00	\$ 100.00	Residential:	\$ -	\$ -	\$ -
All sizes:				All sizes:			
Commercial:				Commercial:			
3/4"	\$ 70.00	\$ 50.00	\$ 120.00	3/4"	\$ 70.00	\$ 200.00	\$ 270.00
1"	200.00	100.00	300.00	1"	200.00	275.00	475.00
1 ½"	380.00	350.00	730.00	1 ½"	380.00	700.00	1,080.00
2"	800.00	600.00	1,400.00	2"	800.00	1,200.00	2,000.00
3"	800.00	700.00	1,500.00	3"	800.00	1,300.00	2,100.00
4-8"	3,300.00	3,000.00	6,300.00	4-8"	3,300.00	6,000.00	9,300.00
Multi-family:				Multi-family:			
All Sizes/Per Unit	\$ 50.00	\$ 30.00	\$ 80.00	All Sizes/Per Unit	\$ -	\$ -	\$ -

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CITY OF SOUTHLAKE, TEXAS

TABLE 1 - WATERWORKS AND SEWER SYSTEM CONDENSED STATEMENT OF OPERATIONS

	Fiscal Year Ended September 30,				
<u>Revenues</u>	2017	2016	2015	2014	2013
Water and Sewer	\$ 27,810,073	\$ 25,362,725	\$ 24,672,198	\$ 23,419,974	\$ 22,688,615
Service Fees	129,431	112,052	143,519	171,464	117,817
Interest Income	167,068	94,837	113,252	101,469	25,227
Other Revenues	3,968	4,095	4,520	6,963	37,527
Total Revenues	<u>\$ 28,110,540</u>	<u>\$ 25,573,709</u>	<u>\$ 24,933,489</u>	<u>\$ 23,699,870</u>	<u>\$ 22,869,186</u>
<u>Expenses</u>					
Water Purchased	\$ 9,254,571	\$ 8,680,377	\$ 9,791,098	\$ 8,513,852	\$ 7,789,859
Other Expenses	9,643,383	9,511,633	7,510,295	7,841,294	6,141,497
Total Expenses	<u>\$ 18,897,954</u>	<u>\$ 18,192,010</u>	<u>\$ 17,301,393</u>	<u>\$ 16,355,146</u>	<u>\$ 13,931,356</u>
Net Available for Debt Service	<u>\$ 9,212,586</u>	<u>\$ 7,381,699</u>	<u>\$ 7,632,096</u>	<u>\$ 7,344,724</u>	<u>\$ 8,937,830</u>
Water Customers	10,941	10,426	10,189	9,964	9,765
Sewer Customers	8,889	8,367	8,166	8,129	7,918

TABLE 2 - COVERAGE AND FUND BALANCES

As of September 30, 2017, the City no longer has water and sewer revenue debt outstanding.

TABLE 3 - AUTHORIZED BUT UNISSUED REVENUE BONDS

As of September 30, 2017, the City has no authorized but unissued revenue bonds.

TABLE 4 - HISTORICAL WATER CONSUMPTION DATA

Fiscal Year Ended 9/30	Total Number of Pumped Gallons (in Billions)	Average Daily Pumped	Peak Daily Pumped	Revenues Received
2013	3,472,212	9,512,909	23,328,000	16,357,002
2014	3,220,075	8,822,125	20,037,000	16,300,633
2015	3,069,971	8,410,880	24,377,000	16,199,172
2016	2,904,048	7,934,557	21,659,000	17,469,971
2017	3,206,363	8,784,555	16,263,000	18,596,958

TABLE 5 - TEN LARGEST WATER CUSTOMERS

Customer	Fiscal 2016 Water Usage Gallons	% of Usage	Revenue	% of Revenue
Carroll Independent School District	44,253,467	1.60%	\$ 333,102	1.80%
City of Southlake-Parks	35,012,063	1.30%	253,901	1.40%
Verizon Wireless	26,724,929	1.00%	163,251	0.90%
RPAI Southwest Management	23,256,272	0.80%	185,241	1.00%
W.B. Kibler Construction Company	14,938,698	0.50%	92,338	0.50%
Heartland Hotel Corp DBA Hilton	12,583,360	0.40%	76,293	0.40%
Sabre Inc.	10,830,849	0.40%	70,581	0.40%
Conaster Site Services	10,510,200	0.40%	61,246	0.30%
HEB	10,292,706	0.40%	65,738	0.40%
Gateway Church	9,780,333	0.30%	67,476	0.40%

TABLE 5 - TEN LARGEST WATER CUSTOMERS

Customer	Fiscal 2017 Water Usage		Revenue	% of Revenue
	Gallons	% of Usage		
City of Southlake-Parks	59,020,126	2.00%	\$ 315,393	1.7%
Carroll Independent School District	34,261,650	1.20%	194,022	1.0%
Verizon Wireless	24,874,005	0.90%	160,259	0.9%
RPAI Southwest Management, LLC	23,502,483	0.80%	113,771	0.6%
Sabre Inc.	14,734,145	0.50%	92,657	0.5%
Timarron Owners Assoc.	11,622,568	0.40%	23,528	0.3%
Metsl Inc.	11,566,881	0.40%	71,471	0.4%
Heartland Hotel Corp DBA Hilton	11,218,309	0.40%	63,196	0.3%
Cencor Realty Services, Inc	9,740,502	0.30%	54,001	0.3%
HEB	9,336,307	0.30%	55,026	0.3%

TABLE 6 - MONTHLY WATER RATES (EFFECTIVE OCTOBER 1, 2017)

		Residential				
		Inside City (1" METER)	Outside City (1" METER)			
First 2,000	gallons	\$40.58 (Minimum)	\$ 44.67 (Minimum)			
2,001-10,000	gallons	4.53 per 1,000 gallons	4.53 per 1,000 gallons			
10,001-25,000	gallons	5.21 per 1,000 gallons	5.21 per 1,000 gallons			
25,001-40,000	gallons	5.99 per 1,000 gallons	5.99 per 1,000 gallons			
Over 40,001	gallons	6.89 per 1,000 gallons	6.89 per 1,000 gallons			
Elderly/Hardship Waiver Rates:						
First 2,000	gallons	\$18.72(Minimum)				
2001 +	gallons	4.03 per 1,000 gallons				
Commercial						
Meter Size						
Gallons	1.0"	2.0"	3.0"	4.0"	6.0"	8.0"
First 3,000	\$62.64					
First 5,000						
First 7,000		\$141.60				
First 10,000			\$202.21			
First 12,000				\$241.68		
First 15,000					\$302.28	
First 18,000						\$362.90
		3,001 - 10,000	gallons	\$	4.53	per 1,000 gallons
		10,001 - 25,000	gallons		5.21	per 1,000 gallons
		25,001 - 40,000	gallons		5.99	per 1,000 gallons
		Over - 40,001	gallons		6.89	per 1,000 gallons

TABLE 7 - MONTHLY SEWER RATES

Residential		
First 2,000 gallons	\$	32.14
2,001-10,000 gallons		3.69 per 1,000 gallons
Maximum Residential Charge		61.66
Commercial		
First 2,000 gallons	\$	32.14 per 1,000 gallons
2,001+ gallons		3.69

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APPENDIX C

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

TRINITY RIVER AUTHORITY OF TEXAS

PROPRIETARY FUNDS STATEMENT OF NET POSITION NOVEMBER 30, 2017

	MAJOR ENTERPRISE FUNDS			
	CENTRAL REGIONAL WASTEWATER	TARRANT COUNTY WATER SUPPLY	LIVINGSTON WALLISVILLE PROJECT	TEN MILE CREEK REGIONAL WASTEWATER
Assets				
Current Assets:				
Unrestricted Assets:				
Cash	\$ 250	100	23,197	-
Equity in Pooled Cash and Investments	19,922,973	6,720,059	376,971	1,035,899
Accounts Receivable, Net of Allowance	-	-	92,459	-
Accounts Receivable - Contracting Parties	3,968,911	5,488,021	815,244	790,341
Contract Receivable - Current	-	-	-	-
Interest Receivable	-	-	-	-
System Contribution Receivable - Current	-	-	-	-
Prepays and Other Assets	161,089	5,153	1,533	102,273
Inventory	962,616	-	-	-
Due from Other Authority Funds	68,316	-	485	228,530
Due from (to) Restricted Assets	(4,271,470)	-	-	-
Total Unrestricted Assets	20,812,685	12,213,333	1,309,889	2,157,043
Restricted Assets:				
Cash	184,491	-	-	-
Equity in Pooled Cash and Investments	202,115,752	40,282,700	281,975	77,085,724
Money Market Fund	13,932,567	-	-	-
US Government Agency and Instrumentality Obligations	47,191,779	-	-	-
Accounts Receivable	52,241	-	-	-
Accounts Receivable - Contracting Parties	-	-	-	-
Accrued Investment Income	270,196	-	-	-
Prepays and Other Assets	625,000	-	-	-
Due from (to) Current Assets	4,271,470	-	-	-
Total Restricted Assets	268,643,496	40,282,700	281,975	77,085,724
Total Current Assets	289,456,181	52,496,033	1,591,864	79,242,767
Noncurrent Assets:				
Capital Assets:				
Land and Easements	30,591,949	3,405,856	52,262,032	5,158,827
Water Storage Rights	-	-	10,580,707	-
Sewage System and Extensions	1,221,357,777	-	-	147,216,981
Buildings	-	-	-	-
Recreational Facilities	-	-	-	-
Reservoir and Facilities	-	-	50,654,575	-
Water Transportation and Treatment Facilities	-	221,912,311	-	-
Machinery and Equipment	6,989,018	1,346,029	1,152,972	1,724,468
Construction-in-Progress	225,211,812	4,243,302	-	36,309,170
Accumulated Depreciation	(435,738,426)	(81,231,727)	(21,915,221)	(68,364,136)
Total Capital Assets, Net	1,048,412,130	149,675,771	92,735,065	122,045,310
Other Noncurrent Assets:				
Direct Financing Arrangement Receivable	-	-	-	-
Contract Receivable - Long Term	-	-	-	-
System Contribution Receivable	-	-	-	-
Total Other Noncurrent Assets	-	-	-	-
Total Noncurrent Assets	1,048,412,130	149,675,771	92,735,065	122,045,310
Total Assets	\$ 1,337,868,311	202,171,804	94,326,929	201,288,077
Deferred Outflows of Resources				
Deferred Amount on Refunding	\$ 8,117,170	3,463,456	-	857,637
Premium for Deferred Charges	-	-	-	-
Total Deferred Outflows of Resources	\$ 8,117,170	3,463,456	-	857,637

	MAJOR ENTERPRISE FUNDS			
	CENTRAL REGIONAL WASTEWATER	TARRANT COUNTY WATER SUPPLY	LIVINGSTON WALLISVILLE PROJECT	TEN MILE CREEK REGIONAL WASTEWATER
Liabilities				
Current Liabilities:				
Payable from Unrestricted Assets:				
Accounts Payable and Accrued Expenses	\$ 2,503,166	206,331	96,693	315,852
Accounts Payable - Contracting Parties	4,156,475	7,907,355	-	1,107,896
System Contribution Payable - Current	-	-	-	-
Contracts Payable - Current Maturities	-	-	132,619	-
Obligations to Contracting Parties - Current	-	-	4,750,000	-
Capital Lease - Current	-	-	-	-
Unearned Revenue	19,975	438	-	480
Due to Other Authority Funds	228,635	13,478	20	32,528
Accrued Interest Payable	-	-	259,163	-
Claims Payable	-	-	-	-
Total Payable from Unrestricted Assets	6,908,251	8,127,602	5,238,495	1,456,756
Payable from Restricted Assets:				
Accounts and Retainage Payable	21,188,610	1,847,927	-	5,263,311
Accounts Payable - Contracting Parties	-	4,200	-	-
Accrued Interest Payable	10,841,752	1,933,922	-	1,681,147
Extendible Commercial Paper	38,000,000	-	-	-
Revenue Bonds - Current Maturities	43,445,000	7,255,000	-	7,505,000
Unearned Revenue	77,609	-	-	-
Total Payable from Restricted Assets	113,552,971	11,041,049	-	14,449,458
Total Current Liabilities	120,461,222	19,168,651	5,238,495	15,906,214
Long-Term Liabilities:				
Revenue Bonds Payable, Less Current Maturities	914,207,293	128,677,051	-	143,486,007
Capital Lease, Less Current	-	-	-	-
System Contribution Payable	-	-	-	-
Accounts Payable and Accrued Expenses	920,658	101,579	148,811	180,052
Unearned Revenue	-	-	-	-
Other Post Employment Benefits	-	-	-	-
Contracts Payable, Less Current Maturities	-	-	8,642,170	-
Obligations to Contracting Parties, Less Current	-	-	74,678,631	-
Total Long-Term Liabilities, Net	915,127,951	128,778,630	83,469,612	143,666,059
Total Liabilities	\$ 1,035,589,173	147,947,281	88,708,107	159,572,273
Deferred Inflows of Resources				
Deferred Gain on Refunding	\$ -	-	-	-
Total Deferred Inflows of Resources	\$ -	-	-	-
Net Position				
Net Investment in Capital Assets	\$ 234,640,029	39,545,192	4,531,645	29,652,128
Restricted for:				
Debt Service	61,672,503	14,158,635	-	12,151,078
Construction	-	-	281,975	-
Other Purpose	1,100,000	-	-	250,000
Unrestricted	12,983,776	3,984,152	805,202	520,235
Total Net Position	\$ 310,396,308	57,687,979	5,618,822	42,573,441

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

TRINITY RIVER AUTHORITY OF TEXAS

PROPRIETARY FUNDS

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

	MAJOR ENTERPRISE FUNDS			
	CENTRAL REGIONAL WASTEWATER	TARRANT COUNTY WATER SUPPLY	LIVINGSTON WALLISVILLE PROJECT	TEN MILE CREEK REGIONAL WASTEWATER
Operating Revenues:				
Wastewater Contract Revenue	\$ 119,400,001	-	-	16,993,940
Water Supply Contract Revenue	-	31,585,571	-	-
Water Storage Contract Revenue	-	-	12,131,338	-
Raw Water Contract Revenue	-	-	-	-
Direct Financing Arrangement Revenue	-	-	-	-
Recreational Facilities Fees	-	-	-	-
Reclaimed Wastewater Revenue	528,675	-	-	-
Professional Services	526,754	-	140,120	-
Management Fees	-	-	-	-
Insurance Premiums	-	-	-	-
Joint Project Administration	-	-	-	-
Grant Revenue	1,639,067	-	-	228,530
Other	3,534,692	1,481	415,286	2,037
Total Operating Revenues	125,629,189	31,587,052	12,686,744	17,224,507
Operating Expenses:				
Personal Services	11,825,447	2,020,310	1,938,788	1,640,950
Supplies	6,079,795	1,720,626	147,194	513,457
Other Services and Charges	33,187,739	15,916,271	6,620,595	3,641,250
Depreciation	25,223,280	5,219,024	942,918	3,562,787
Total Operating Expenses	76,316,261	24,876,231	9,649,495	9,358,444
Operating Income (Loss)	49,312,928	6,710,821	3,037,249	7,866,063
Non-Operating Revenues (Expenses):				
Interest Expense	(17,993,710)	(3,013,625)	(283,068)	(3,674,514)
Debt Issuance Costs	(2,302,644)	(295,168)	-	-
Investment Income	1,917,320	227,233	4,120	612,431
Debt Related Fees	(42,680)	(10,250)	-	(12,250)
Contributions	450,000	-	-	-
Contribution Refunds	-	-	-	-
Other	(1,580,065)	(375,855)	(82,986,545)	1,397
Total Non-Operating Revenues (Expenses) - Net	(19,551,779)	(3,467,665)	(83,265,493)	(3,072,936)
Income (Loss) Before Gain On Debt Forgiveness and Transfers	29,761,149	3,243,156	(80,228,244)	4,793,127
GAIN ON DEBT FORGIVENESS	-	-	-	-
TRANSFERS IN	18,572	-	-	-
TRANSFERS OUT	(425,753)	(10,823)	-	-
Change in Net Position	29,353,968	3,232,333	(80,228,244)	4,793,127
Net Position - December 1, 2016	281,042,340	54,455,646	85,847,066	37,780,314
Net Position - November 30, 2017	\$ 310,396,308	\$ 57,687,979	\$ 5,618,822	\$ 42,573,441

TRINITY RIVER AUTHORITY OF TEXAS

PROPRIETARY FUNDS STATEMENT OF CASH FLOWS FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2017

	MAJOR ENTERPRISE FUNDS			
	CENTRAL REGIONAL WASTEWATER	TARRANT COUNTY WATER SUPPLY	LIVINGSTON WALLISVILLE PROJECT	TEN MILE CREEK REGIONAL WASTEWATER
Cash Flows from Operating Activities:				
Cash Received from Customers	\$ 129,165,565	35,453,305	4,056,268	17,311,494
Cash Received from Other Authority Funds for Services	1,001,358	1,481	52,019	-
Cash Received on Direct Financing Arrangement	-	-	-	-
Cash Received from Claim Refunds	-	-	-	-
Cash Paid for Claims	-	-	-	-
Cash Payments for Premiums and Administration	-	-	-	-
Cash Payments to Customers	(2,308,636)	(3,270,134)	-	(2,523,961)
Cash Payments to Suppliers for Goods and Services	(30,429,016)	(16,663,391)	(1,121,944)	(2,647,332)
Cash Payments for Employee Services	(11,900,558)	(2,074,117)	(1,992,613)	(1,680,365)
Cash Payments to Other Authority Funds for Services	(8,930,698)	(1,128,300)	(957,375)	(1,489,535)
Cash from Other Sources	1,692,254	13,038	574,212	3,568
Net Cash Provided by (Used for) Operating Activities	78,290,269	12,331,882	610,567	8,973,869
Cash Flows from Non-Capital Financing Activities:				
Transfers to Other Authority Funds	(22,093)	-	-	-
Net Cash Provided by (Used for) Non-Capital Financing Activities	(22,093)	-	-	-
Cash Flows from Capital and Related Financing Activities:				
Acquisition and Construction of Capital				
Assets Exclusive of Capitalized Interest	(96,213,572)	(4,224,236)	(73,890)	(10,129,657)
Extendible Commercial Paper Issuance	50,000,000	-	-	-
Principal Paid on Revenue Bond Maturities	(41,360,000)	(6,945,000)	-	(6,115,000)
Interest Paid on Revenue Bonds and Related Fees	(26,174,520)	(4,857,113)	-	(4,781,187)
Principal Payments on Contracts Payable	-	-	(128,479)	-
Interest Paid on Contracts Payable	-	-	(286,863)	-
Net Proceeds from Issuance of Bonds	109,009,697	23,264,712	-	-
Payment for Capital Lease	-	-	-	-
Debt Issuance Costs Paid	-	(285,877)	-	-
Debt Related Fees	(58,134)	(19,000)	-	(24,500)
Proceeds from the Sale of Capital Assets	7,252	-	2,450	-
Cash Deposited in Trust for Defeasance of Debt	-	-	-	-
Debt Issuance Costs Refunded	2,949	2,922	-	-
Contribution Refunded	-	-	-	-
Contribution Received	450,000	-	-	2,155,476
Cash Received for Debt Payoff	-	-	-	-
Cash Payments to Customers Due to Debt Forgiveness	-	-	-	-
Net Cash Provided by (Used for) Capital and Related Financing Activities	(4,336,328)	6,936,408	(486,782)	(18,894,868)
Cash Flows from Investing Activities:				
Purchase of Investments	(26,692,628)	-	-	-
Proceeds from Sales and Maturities of Investments	18,141,069	-	-	-
Cash Received for Investment Income	1,891,194	227,233	4,120	613,116
Net Cash Provided by (Used for) Investing Activities	(6,660,365)	227,233	4,120	613,116
Total Change in Cash and Cash Equivalents	67,271,483	19,495,523	127,905	(9,307,883)
Cash and Cash Equivalents, Beginning of Year	168,884,550	27,507,336	554,238	87,429,506
Cash and Cash Equivalents, End of Year	\$ 236,156,033	47,002,859	682,143	78,121,623

	MAJOR ENTERPRISE FUNDS			
	CENTRAL REGIONAL WASTEWATER	TARRANT COUNTY WATER SUPPLY	LIVINGSTON WALLISVILLE PROJECT	TEN MILE CREEK REGIONAL WASTEWATER
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Operating Income (Loss)	\$ 49,312,928	6,710,821	3,037,249	7,866,063
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Depreciation	25,223,280	5,219,024	942,918	3,562,787
Miscellaneous Income	84,811	13,038	35,531	1,530
Change in Assets and Liabilities:				
Due to Other Authority Funds	228,635	593	20	(20,128)
Due from Other Authority Funds	38,593	-	(485)	(228,530)
Accounts Receivable - Contracting Parties	1,931,737	(4,039,621)	317,350	(790,341)
Contracts Receivable	-	-	-	-
Interest Receivable	-	-	-	-
Accounts Receivable	-	-	(10,747)	-
Claim Refunds Receivable	-	-	-	-
Prepays and Other Assets	(72,589)	(5,153)	(1,170)	(13,773)
Inventory	97,361	-	-	-
Accounts Payable - Contracting Parties	1,847,839	4,637,220	-	(1,416,065)
Accounts Payable and Accrued Expenses	(420,697)	(204,183)	(114,206)	12,326
Claims Payable	-	-	-	-
OPEB Obligation	-	-	-	-
Direct Financing Arrangement Receivable	-	-	-	-
Contract Interest Payable	-	-	-	-
Unearned Revenue	18,371	143	-	-
Premium for Deferred Charges	-	-	-	-
Obligations to Contracting Parties	-	-	(3,595,893)	-
Total Adjustments	28,977,341	5,621,061	(2,426,682)	1,107,806
Net Cash Provided by (Used for) Operating Activities	\$ 78,290,269	12,331,882	610,567	8,973,869
Supplemental Noncash Disclosures:				
Amortization of Bond Premium/Discount	\$ (7,478,162)	(2,291,514)	-	(904,745)
Amortization of Loss on Refunding	751,965	353,718	-	127,982
Change in Fair Value of Investments	(160,323)	-	-	(685)
Change in Liabilities Related to Capital Assets	(263,918)	1,028,788	-	702,530
Bond Proceeds Deposited in Trust for Defeasance of Debt	(160,705,488)	-	-	-
Bond Proceeds to Redeem Extendible Commercial Paper	(57,000,000)	-	-	-
Transfer of Capital Assets	(403,245)	-	-	-
Bond Issuance Costs Retained from Bond Proceeds	(2,252,022)	-	-	-
RECONCILIATION OF CASH AND CASH EQUIVALENTS AT END OF YEAR:				
Unrestricted Assets:				
Cash	\$ 250	\$ 100	\$ 23,197	\$ -
Equity in Pooled Cash and Investments	19,922,973	6,720,059	376,971	1,035,899
Restricted Assets:				
Cash	184,491	-	-	-
Equity in Pooled Cash and Investments	202,115,752	40,282,700	281,975	77,085,724
Money Market Fund	13,932,567	-	-	-
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 236,156,033	\$ 47,002,859	\$ 682,143	\$ 78,121,623

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

APPENDIX D
FORM OF BOND COUNSEL'S OPINION

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Proposed Form of Opinion of Bond Counsel

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

September 12, 2018

TRINITY RIVER AUTHORITY OF TEXAS REGIONAL WASTEWATER SYSTEM
REVENUE IMPROVEMENT AND REFUNDING BONDS, SERIES 2018, DATED
AUGUST 15, 2018, IN THE PRINCIPAL AMOUNT OF \$221,930,000

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 are payable, bear interest and are subject to further provisions, all in accordance with the terms and conditions stated in the text of the Bonds and the resolution of the Issuer authorizing the issuance of the Bonds, including the Pricing Certificate of the Pricing Officer authorized thereby (collectively, 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 TR-1).

BASED ON SAID EXAMINATION, IT IS OUR OPINION that said Bonds have been authorized, issued and duly delivered in accordance with law; and that except as may be limited by laws applicable to the Issuer relating to federal bankruptcy laws and any other similar laws affecting the rights of creditors of political subdivisions generally, which rights may be limited by general principles of equity which permit the exercise of judicial discretion, (i) the covenants and agreements in the Resolution constitute valid and binding obligations of the Issuer, and the Bonds constitute valid and legally binding special obligations of the Issuer, which, together with other bonds, are secured by and payable from a first lien on and pledge of the Issuer's "Net Revenues" from "Contracts" (as such terms are defined in the Resolution) between the Authority 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.

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

THE ISSUER also has reserved the right to amend the 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 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.

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

of the Bonds and the use of the property financed therewith. We call your attention to the fact that if such representations are determined to be inaccurate or upon a failure by the Issuer to comply with such covenants, interest on the Bonds may become includable in gross income retroactively to the date of issuance of the Bonds.

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, including the amount, accrual or receipt of interest on, the Bonds. Owners of the Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Bonds.

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

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

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

Respectfully,

Financial Advisory Services
Provided By

