



## **NORTH TEXAS MUNICIPAL WATER DISTRICT**

**501 E. Brown Street • Wylie, Texas 75098  
(972) 442-5405 – Phone • (972) 295-6440 – Fax**

**TO:** BOARD OF DIRECTORS  
**FROM:** JENNA COVINGTON, EXECUTIVE DIRECTOR  
**DATE:** MARCH 17, 2023  
**SUBJECT:** REGULAR MEETING – THURSDAY, MARCH 23, 2023

As we roll into spring, the District is hard at work preparing for the upcoming warmer weather and increased annual demand.

### **Strategic Initiative Highlight - 1.1.4 - Develop and Implement Infrastructure Shutdown Policies and Protocols**

Shutdown of Water and Wastewater infrastructure is necessary to upgrade, maintain, and modify infrastructure to support operations, condition assessment and completion of engineered projects. Shutdowns require resource allocation from multiple departments and involve complex scheduling and sequencing to ensure the water or wastewater service disruptions do not impact the District's Member/Customer operations.

Implementation of Strategic Initiative 1.1.4 will involve an audit of the shutdown process and breakdown of the structure, shutdown critical path and risk allocation of the District's shutdown protocols and develop policies and procedures to enhance the process and reduce risk.

A main committee and subcommittee from multiple departments District-wide have been assembled to establish goals, audit current processes, draft policies and procedures, and identify a durable solution for replacement of shutdown processing software. Multiple meetings and work sessions have occurred with representatives from Water Operations, Wastewater Operations, Engineering, Information Technology and Maintenance Services.

**Remembering Director Brenda Jean Patrick** – As you have all heard by now, we are saddened at the passing of former Director Brenda Jean Patrick. There are many of you who have stories to share as do many of members of my team. That was the wonderful thing about Director Patrick. Our conversations and interactions were always memorable because she made us all laugh and feel encouraged. Even difficult conversations ended with kind words and reassurance. I greatly miss those moments but will always cherish them with fondness and affection.

MEMORANDUM TO BOARD OF DIRECTORS

MARCH 23, 2023

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**Member City Meetings** – We are in the middle of our annual Member City Meetings. By the time of this memo, we will have already completed our meetings with Allen, Frisco, Mesquite, and Richardson. The remaining meetings are scheduled as follows:

- 3/20 – McKinney at 1:30 pm; Plano at 3:30 pm
- 3/21 – Garland at 9:30 am
- 4/3 – Wylie at 10:00 am; Princeton at 1:00 pm; Farmersville at 2:30 pm
- 4/6 – Forney at 11:30 am; Rockwall at 2:00 pm; Royse City at 3:30 pm

As a reminder, these meetings have become important touch points with our Member Cities and we encourage as much feedback as they are willing to share. This year we are covering some very important topics:

- Long Range Water Supply
- Water Conservation
- Annexation of new Member Cities
- Customer Premium
- Capital Projects related to services for that City



## **NORTH TEXAS MUNICIPAL WATER DISTRICT**

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(972) 442-5405 – Phone • (972) 295-6440 – Fax**

### **BOARD OF DIRECTORS REGULAR MEETING (IN PERSON AND BY VIDEOCONFERENCE) THURSDAY, MARCH 23, 2023 2:30 P.M.**

Notice is hereby given pursuant to V.T.C.A., Government Code, Chapter 551, that the Board of Directors of North Texas Municipal Water District (NTMWD) will hold a regular meeting in person and by videoconference, accessible to the public, on Thursday, March 23, 2023, at 2:30 p.m., at the following meeting location: NTMWD Administrative Offices, 501 E. Brown Street, Wylie, Texas 75098.

The Presiding Officer and a quorum of the Board of Directors will be present at the meeting location or by videoconference with two-way video and audio communication between Board members participating at the meeting location and by videoconference. The public may attend the meeting in person at the meeting location. Audio and video of Board members participating by videoconference will be broadcast live and will be visible to members of the public. The meeting will be recorded and available on the NTMWD website after the meeting.

Members of the public wishing to listen to live audio of the meeting may do so by calling in at **(469) 210-7159** or toll free **(844) 621-3956** and entering the following access code: **928 587 040**. Please note this line will not provide for two-way communication and public comment at the meeting must be made in person at the meeting location.

#### **AMENDED AGENDA**

- I. CALL TO ORDER**
- II. INVOCATION**
- III. PLEDGE OF ALLEGIANCE**
- IV. PLEDGE OF ALLEGIANCE TO THE TEXAS FLAG**
- V. ROLL CALL/ANNOUNCEMENT OF QUORUM**
- VI. OPENING REMARKS**
  - A. President's Remarks concerning current events, recognitions, conduct of meeting, posted agenda items, committee assignments, and related matters

- B. Executive Director's Status Report concerning legislation and regulatory matters, budgets, current projects and ongoing programs of the District including the Regional Water System, Regional Wastewater System, Regional Solid Waste System, Watershed Protection, and Water Conservation

**VII. PUBLIC COMMENTS**

Prior to the start of the meeting, speakers must complete and submit a "Public Comment Registration Form." During the public comment portion of the meeting, speakers will be recognized by name and asked to provide their comments. The time limit is three (3) minutes per speaker, not to exceed a total of thirty (30) minutes for all speakers. The Board may not discuss these items but may respond with factual or policy information.

**VIII. DISCUSSION ITEMS**

- A. Update on NTMWD Strategic Plan

**IX. EXECUTIVE SESSION (to begin at approximately 3:00 p.m. and end approximately at 3:30 p.m.)**

The Presiding Officer will announce that the meeting will move into closed executive session and identify the agenda items to be discussed in executive session. The executive session will conclude so that the public meeting will resume at approximately 3:30 p.m.

- A. Consultation with Attorney  
(Tex. Gov't Code Section 551.071)
1. Buffalo Creek Parallel Interceptor, Phase I Project
- B. Compensation for General Counsel position  
(Tex. Gov't Code Section 551.074)

**X. RECONVENE INTO REGULAR SESSION**

In accordance with Texas Government Code, Chapter 551, the Board of Directors of NTMWD will reconvene into regular session to consider action, if any, on matters discussed in Executive Session.

**XI. CONSENT AGENDA ITEMS**

The Consent Agenda allows the Board of Directors to approve all routine, noncontroversial items with a single motion, without the need for discussion by the entire Board. Any item may be removed from consent and considered individually upon request of a Board member or NTMWD staff member.

- A. **Approval of Regular Board Meeting Minutes - Consent Agenda Item No. 23-03-01**
- Consider approval of February 23, 2023, Board of Directors Regular meeting minutes
- B. **Approval of Board Work Session Meeting Minutes - Consent Agenda Item No. 23-03-02**
- Consider approval of February 16, 2023, Board of Directors Work Session meeting
- C. **Approval of Modification of Capital Projects Request - Consent Agenda Item No. 23-03-03**
- Consider approval of February 2023 Modification of Capital Projects Request

- D. **Adoption of Resolution No. 23-06 designating authorized NTMWD Representatives in the Texas Local Government Investment Pool (TexPool) - Consent Agenda Item No. 23-03-04**
- Consider adoption of Resolution No. 23-06 amending authorized representatives for investments in TexPool
- E. **Adoption of Resolution No. 23-07 authorizing filing an application with the Texas Water Development Board (TWDB) for financing - Consent Agenda Item No. 23-03-05**
- Consider adoption of Resolution No. 23-07 authorizing application filing and authorized Representative Resolution with the TWDB for financing the Bois d’Arc Lake – Phase II Improvements and Expansion
- F. **Authorize the First Amendment to the Interlocal Cooperation Agreement (ILA) with the City of Plano - Consent Agenda Item No. 23-03-06**
- Consider authorizing the first amendment to an ILA with the City of Plano for the use of a community garden at the Parkway Transfer Station facility
- G. **Adoption of Resolution No. 23-14 authorizing the amendment of a previously approved right-of-way acquisition program for the Wylie to Rockwall Pipeline Relocation project - Consent Agenda Item No. 23-03-07**
- Consider authorizing the Executive Director to amend a previously approved right-of-way acquisition program, and adoption of Resolution No. 23-14 authorizing the use of eminent domain to acquire property for Project 101-0526-18, Wylie to Rockwall Pipeline Relocation

**XII. AGENDA ITEMS FOR INDIVIDUAL CONSIDERATION**

**GENERAL / ADMINISTRATIVE SERVICES AGENDA ITEMS**

- A. **Adoption of Resolution No. 23-08 authorizing an amendment to the Master Resolution for Extendable Commercial Paper Bonds (ECP) and authorizing issuance of Revenue ECP Bonds for the Regional Water System (RWS) - Administrative Memorandum No. 5890**
- Consider adoption of Resolution No. 23-08 amending the Master Resolution for the ECP financing program and the issuance of Revenue ECP Bonds for the RWS, not to exceed \$700,000,000
- B. **Adoption of Resolution No. 23-09 authorizing Regional Water System (RWS) Refunding Bonds for Extendable Commercial Paper (ECP) Bonds - Administrative Memorandum No. 5891**
- Consider adoption of Resolution No. 23-09 authorizing the issuance, sale, and delivery of NTMWD Water System Revenue ECP Bonds in the amount not to exceed \$700,000,000; pledging revenues for the payment of the bonds, approving an official statement, and authorizing other instruments and procedure relating thereto

- C. **Adoption of Resolution No. 23-10 authorizing an amendment to the Master Resolution for Extendable Commercial Paper Bonds (ECP) and authorizing issuance of Revenue ECP Bonds for the Regional Wastewater System (RWWS) - Administrative Memorandum No. 5892**
- Consider adoption of Resolution No. 23-10 amending the Master Resolution for the ECP financing program and the issuance of Revenue ECP Bonds for the RWWS, not to exceed \$400,000,000
- D. **Adoption of Resolution No. 23-11 authorizing Regional Wastewater System Refunding Bonds for Extendable Commercial Paper (ECP) Bonds – Administrative Memorandum No. 5893**
- Consider adoption of Resolution No. 23-11 authorizing the issuance, sale, and delivery of NTMWD Regional Wastewater System Revenue ECP Bonds in the amount not to exceed \$400,000,000; pledging revenues for the payment of the bonds, approving an official statement, and authorizing other instruments and procedure relating thereto
- E. **Adoption of Resolution No. 23-12 authorizing an amendment to the Master Resolution for Extendable Commercial Paper Bonds (ECP) and authorizing issuance of Revenue ECP Bonds for the Upper East Fork Wastewater Interceptor System (UEFIS) – Administrative Memorandum No. 5894**
- Consider adoption of Resolution No. 23-12 amending the Master Resolution for the ECP financing program and the issuance of Revenue ECP Bonds for the UEFIS, not to exceed \$150,000,000
- F. **Adoption of Resolution No. 23-13 authorizing Upper East Fork Wastewater Interceptor System (UEFIS) Refunding Bonds for Extendable Commercial Paper (ECP) Bonds – Administrative Memorandum No. 5895**
- Consider adoption of Resolution No. 23-13 authorizing the issuance, sale, and delivery of NTMWD UEFIS Contract Revenue ECP Refunding Bonds in the amount not to exceed \$150,000,000; pledging revenues for the payment of the bonds, approving an official statement, and authorizing other instruments and procedure relating thereto
- G. **Authorize the selection of a financial institution to provide bank depository services for the funds of NTMWD – Administrative Memorandum No. 5896**
- Consider authorizing the Executive Director to execute a professional services agreement with Inwood National Bank for bank depository services for a term of 5 years with the option to renew for two additional 1-year periods

**WATER AGENDA ITEMS**

- H. **Authorize execution of an engineering services agreement (ESA) for the Cooper Pipeline Extension project - Administrative Memorandum No. 5897**
- Consider authorizing an ESA with AECOM Technical Services, Inc. in the amount of \$549,752 to evaluate the feasibility of initial concepts for the development of the Cooper Pipeline Extension for Project: No. 101-0620-23, Cooper Pipeline Extension

- I. **Adoption of Resolution No. 23-15 authorizing the execution of an Advanced Funding Agreement (AFA) with the Texas Department of Transportation (TxDOT) - Administrative Memorandum No. 5898**
- Consider adoption of Resolution No. 23-15 authorizing an AFA with TxDOT in the amount of \$52,795.27 [to be verified with TxDOT's final draft of Agreement] for the joint construction of TxDOT's expansion of FM 1378 and the NTMWD's relocation of the Wylie to McKinney 20-inch waterline for Project No. 101-0585-21, FM 2514 Pipeline Relocation for FM 1378 Pipeline Relocation

**WASTEWATER AGENDA ITEMS**

- J. **Authorize construction Change Order No. 1 for the Sabine Creek Wastewater Treatment Plant (WWTP) Expansion to 7 million gallons per day (MGD) - Administrative Memorandum No. 5899**
- Consider authorizing Change Order No. 1 with Eagle Contracting, LLC resulting in a credit to the construction contract in the amount of (\$714,605.00) for material that is more readily available for Project No. 308-0576-20, Sabine Creek Wastewater Treatment Plant Expansion to 7 MGD

**LAND ACQUISITION / RIGHT-OF-WAY AGENDA ITEMS**

- K. **Adoption of Resolution No. 23-16 authorizing the execution of a property acquisition program for the Lower East Fork Regional Water Resource Recovery Facility project - Administrative Memorandum No. 5900**
- Consider adoption of Resolution No. 23-16 authorizing the Executive Director to execute a property acquisition program with a budget of \$5,000,000; and authorizing the use of eminent domain to acquire property for Project No. 301-0598-21, Lower East Fork Regional Water Resource Recovery Facility
- L. **Adoption of Resolution No. 23-17 authorizing the amendment to a previously approved Right-of-Way acquisition program and add additional permanent and temporary easements for the F.M. 2514 Pipeline Relocations project – Administrative Memorandum No. 5901**
- Consider adoption of Resolution No. 23-17 authorizing the Executive Director to amend a previously approved Right-of-Way acquisition program with a budget of \$130,000 and authorizing the use of eminent domain to acquire property for Project No 101-0585-21, F.M. 2514 Pipeline Relocations

**SOLID WASTE AGENDA ITEMS**

- M. **Authorize Change Order No. 1 for the 121 Regional Disposal Facility Sectors 6B and 6C Mass Excavation project – Administrative Memorandum No. 5902**
- Consider authorizing Change Order No. 1 with Rigid Constructors, LLC in the amount of \$594,000 for favorable contract unit pricing for Austin Chalk excavation and clay soil stockpiling for Project No. 401-0614-22, 121 RDF Sectors 6B and 6C Mass Excavation

**XIII. CLOSING ITEMS**

- A. Opportunity for Board members to provide feedback or request potential future agenda items.

**XIV. ADJOURNMENT**

**REQUIRED LEGAL NOTICES**

***The Board of Directors is authorized by the Texas Open Meetings Act to convene in closed or executive session for certain purposes. These purposes include receiving legal advice from its attorney (Section 551.071); discussing real property matters (Section 551.072); discussing gifts and donations (Section 551.073); discussing personnel matters (Section 551.074); or discussing security personnel or devices (Section 551.076). If the Board of Directors determines to go into executive session on any item on this agenda, the Presiding Officer will announce that an executive session will be held and will identify the item to be discussed and provision of the Open Meetings Act that authorizes the closed or executive session.***

***Persons with disabilities who plan to attend the NTMWD meeting and who may need auxiliary aids or services are requested to contact Shannon Sauceman in the NTMWD Administrative Offices at (972) 442-5405 as soon as possible. All reasonable efforts will be taken to make the appropriate arrangements.***

***Pursuant to Section 30.05, Penal Code (criminal trespass), a person may not enter this property with a firearm. Pursuant to Section 30.06, Penal Code (trespass by license holder with a concealed handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law), may not enter this property with a concealed handgun. Pursuant to Section 30.07, Penal Code (trespass by license holder with an openly carried handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law), may not enter this property with a handgun that is carried openly.***



# **NORTH TEXAS MUNICIPAL WATER DISTRICT**

MARCH 2023

CONSENT AGENDA ITEM NO. 23-03-01

FEBRUARY 2023 REGULAR BOARD MEETING MINUTES

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## **RECOMMENDATION**

The Executive Director and NTMWD staff recommend the Board of Directors approve the minutes of the regular Board meeting held on Thursday, February 23, 2023, as presented. (See attached)

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## **NORTH TEXAS MUNICIPAL WATER DISTRICT**

**501 E. Brown Street • Wylie, Texas 75098  
(972) 442-5405 – Phone • (972) 295-6440 – Fax**

### **MINUTES OF REGULAR MEETING OF THE BOARD OF DIRECTORS FEBRUARY 23, 2023**

The North Texas Municipal Water District (NTMWD) Board of Directors met in a regular meeting on Thursday, February 23, 2023, at 2:30 p.m. Notice of the meeting was legally posted in accordance with Government Code, Title 551, Open Meetings.

#### **I. CALL TO ORDER**

President Jack May called the meeting to order at approximately 2:30 p.m.

President May advised the following regarding the meeting:

The meeting today is being conducted in person with two-way video and audio communication between Board members participating by videoconference, establishing a quorum. The public may attend the meeting in person. Audio and video of Board members participating by videoconference will be visible. Members of the public wishing to listen to live audio from the meeting may do so by calling in.

#### **II. INVOCATION**

Director Joe Farmer offered the invocation.

#### **III. PLEDGE OF ALLEGIANCE**

President May led the Pledge of Allegiance.

#### **IV. PLEDGE OF ALLEGIANCE TO THE TEXAS FLAG**

President May led the Pledge of Allegiance to the Texas Flag.

#### **V. ROLL CALL/ANNOUNCEMENT OF QUORUM**

The roll was called, and attendance was confirmed as follows:

<b><i>DIRECTOR</i></b>	<b><i>IN PERSON</i></b>	<b><i>REMOTE</i></b>
Terry Sam <b>ANDERSON</b>	√	
Kalen <b>BOREN</b>	√	
John <b>CARR</b>	Absent	
Rick <b>CROWLEY</b>	√	
George <b>CRUMP</b>	√	
Phil <b>DYER</b>	√	
Joe <b>FARMER</b>	√	
Marvin <b>FULLER</b>	√	
Don <b>GORDON</b>	√	
David <b>HOLLIFIELD</b>	√	
Chip <b>IMRIE</b>	√	
Blair <b>JOHNSON</b>	√	
Ronald <b>KELLEY</b>	√	
James <b>KERR</b>	√	
Geralyn <b>KEVER</b>	√	
Jack <b>MAY</b>	√	
Don <b>PASCHAL</b>	√	
Richard <b>PEASLEY</b>	√	
Randy <b>ROLAND</b>	√	
Lynn <b>SHUYLER</b>	Absent	
Keith <b>STEPHENS</b>		√
Jody <b>SUTHERLAND</b>	Absent	
John <b>SWEEDEN</b>		√
Larry <b>THOMPSON</b>	√	

The following NTMWD legal and professional consultants attended the meeting:

- Lauren Kalisek – Lloyd Gosselink Rochelle & Townsend

## VI. OPENING REMARKS

- A. President's Remarks concerning current events, recognitions, conduct of meeting, posted agenda items, committee assignments, and related matters

President May welcomed newly appointed Board member from the City of McKinney, Don Paschal.

President May reviewed the tentative schedule of meetings for March 2023 as follows:

- March 8: Policy and Finance Committees
- March 17: Board tour of the 121 Regional Disposal Facility
- March 22: Real Estate and Water Committees
- March 23: Regular Board Meeting

- B. Executive Director's Status Report concerning legislation and regulatory matters, budgets, current projects and ongoing programs of the District including the Regional Water System, Regional Wastewater System, Regional Solid Waste System, Watershed Protection, and Water Conservation

Executive Director Jenna Covington thanked the Board for attending the Customer Premium Work Session held last week. A follow-up Work Session will be scheduled in April.

Executive Director Covington announced completion of the Floyd Branch Regional Wastewater Treatment Plant Process Optimization and Improvement Project.

Executive Director Covington reviewed that in March 2022 the Board of Directors adopted a five-year Strategic Plan. She advised that next month staff will provide a review of progress made in the first year.

## VII. PUBLIC COMMENTS

Prior to the start of the meeting, speakers must complete and submit a "Public Comment Registration Form." During the public comment portion of the meeting, speakers will be recognized by name and asked to provide their comments. The time limit is three (3) minutes per speaker, not to exceed a total of thirty (30) minutes for all speakers. The Board may not discuss these items but may respond with factual or policy information.

There were no requests for public comments.

## VIII. DISCUSSION ITEMS

- A. Bois d'Arc Lake Update

Deputy Director Cesar Baptista provided an update regarding the Permittee Compliance Certification, noting it was received February 15, 2023. He also

provided a construction update and advised that the project completion is anticipated in June 2023. He noted that the project is expected to have unused funding of \$937,000.

Mr. Baptista reviewed the unavailability of the Mitigation Property Builder's Risk Insurance and advised that solutions are being considered. Mr. Baptista also advised that the planned Floating Boathouse remains pending due to the required Lake level not having yet reached 525.

Mr. Baptista provided an update on the Leonard Water Treatment Plant, and Raw and Treated Water Pipelines. Bacteriological testing will be conducted at 47 sampling points and treatment of water should be March 13th. This date may be impacted somewhat by the District's annual temporary change in disinfection being scheduled from March 6<sup>th</sup> until April 3<sup>rd</sup>.

Assistant Deputy Galen Roberts updated the Board on the status of opening Bois d'Arc Lake to the public. He advised that today the Lake level is at elevation 524.5, having risen approximately four (4) feet in the past month. Normal elevation will be at 534. Mr. Roberts reviewed that the District owns the property around the Lake up to elevation 541, including three public boat ramps. A map of the Lake and location of ramps was provided.

Mr. Roberts advised that the District did some timber clearing to create boat lanes above elevation 520, however noted it is impossible to identify all hazards under the water. He advised that staff is recommending the Lake be at elevation 532 prior to opening all three District owned boat ramps simultaneously. He added that an analysis of the potential for the Lake to reach elevation 532 reflects the mid-range of the timeline to be the end of 2023, however noted that rainfall will impact the timeline. Under the wettest conditions, that could be in the Spring of 2023.

Mr. Roberts advised that in regard to public safety, the Fannin County Sheriff's Department and the Texas Parks and Wildlife Department (TPWD) will have all resources in place to operate at the Lake this Spring.

Mr. Roberts advised that the initial opening of the Lake will require authorization by the Board of Directors to open the public boat ramps, the installation of wayfinding signs by TxDOT, coordination with Fannin County and TPWD, website and social media communications regarding the opening, and the planning of a grand opening day.

**B. Review Construction Inspection Services Request Process**

Cesar Baptista advised this item is being provided in response to a request from a Director. He provided an overview of the types of projects the District undertakes and the uses of internal and outsourced inspection services. A chart listing the number of inspectors per current project was provided. Mr. Baptista added that it is the District's priority to maintain 100 percent utilization of internal staff, however considerations must be made as to the type, schedule, location, and expertise needed for each project.

Mr. Baptista provided an overview of the selection process for outsourced inspection services. He provided an example chart of projects and assigned inspectors that is maintained by the District in order to manage the inspectors.

In response to a Director's question, Mr. Baptista confirmed that whether inspection services are internal or outsourced, the costs are charged to the project.

C. Communications Department Update

Communication Manager Wayne Larsen provided some background on the Communications Department and a summary of department growth. He provided an overview of public education, including water conservation, and public relations conducted by the staff. This department was instrumental in planning the Bois d'Arc Lake Dedication event.

Mr. Larsen provided an overview of new programs and efforts planned for 2023.

Several Directors offered general comments and questions.

**IX. EXECUTIVE SESSION**

At 3:39 p.m. President May announced the need for an Executive Session of the Board of Directors to discuss items IX. A. 1. and 2. on the agenda pursuant to the Texas Government Code, Section 551.071, Consultation With Attorney.

A. Consultation with Attorney  
(Tex. Gov't Code Section 551.071)

1. Manuel Cole v. North Texas Municipal Water District, Cause No. 429-06813-2021
2. Progressive County Mutual Insurance Company V. NTMWD, Cause No. 003-04136-2021

**X. RECONVENE INTO REGULAR SESSION**

In accordance with Texas Government Code, Chapter 551, the Board of Directors of NTMWD will reconvene into regular session to consider action, if any, on matters discussed in Executive Session.

Open Session reconvened at 3:50 p.m. The public teleconference line was reconnected.

No action was taken in Executive Session. No action was taken in Open Session.

**XI. CONSENT AGENDA ITEMS**

President May inquired whether any Director would like to remove an item from the Consent Agenda for separate discussion. There were no requests for separate discussion of Consent Agenda items.

Upon a motion by Director Geralyn Keever to approve the Consent Agenda items and a second by Director Phil Dyer, the Board of Directors voted unanimously to approve the Consent Agenda.

- A. **Approval of Regular Board Meeting Minutes - Consent Agenda Item No. 23-02-01**
- Consider approval of January 26, 2023, Board of Directors Regular meeting minutes
- B. **Approval of Modification of Capital Projects Request - Consent Agenda Item No. 23-02-02**
- Consider approval of January 2023 Modification of Capital Projects Request
- C. **Authorize execution of an amendment to the Construction Manager At-Risk (CMAR) for the Bois d'Arc Lake Dam and Intake Structure project - Consent Agenda Item No. 23-02-03**
- Consider authorizing the Executive Director to execute Amendment No. 17 to the CMAR with Archer Western Construction, LLC to close eight work packages, reduce the Guaranteed Maximum Price, add contract time and reduce retainage resulting in a credit in the amount of (\$937,490.46) for Project No. 101-0344-13, Bois d'Arc Lake Dam and Intake Structure
- D. **Adoption of Resolution No. 23-03 authorizing the conveyance of property to the City of Allen - Consent Agenda Item No. 23-02-04**
- Consider adoption of Resolution No. 23-03 authorizing the Executive Director to execute transaction documents and convey property in fee simple of approximately 1.25 acres to the City of Allen near the North System Exchange Parkway Ground Storage Tank site for Project No. 101-0385-15
- E. **Adoption of Resolution No. 23-04 authorizing the conveyance of property to Oncor Electric Delivery Company, LLC (Oncor) - Consent Agenda Item No. 23-02-05**
- Consider adoption of Resolution No. 23-04 authorizing the Executive Director to execute a conveyance of property of approximately 0.064 acres of permanent easement to Oncor for Project No. 501-0513-18, North McKinney Transfer Lift Station
- F. **Authorization to declare certain NTMWD property as salvage or surplus and authorize the execution of a contract to facilitate sale of such assets - Consent Agenda Item No. 23-02-06**
- Consider declaring certain NTMWD property as salvage or surplus and authorizing the Executive Director to execute a contract with René Bates Auctioneers, Inc., for the auction sale of such assets listed in Consent Agenda Item No. 23-02-06
- G. **Adoption of Resolution No. 23-05 authorizing the First Amendment to the Interlocal Cooperation Agreement (ILA) with the City of Melissa - Consent Agenda Item No. 23-02-07**
- Consider adoption of Resolution No. 23-05 authorizing the Executive Director to execute the First Amendment to the ILA with the City of Melissa regarding the Stiff Creek Sewer Capital Improvements project

**XII. AGENDA ITEMS FOR INDIVIDUAL CONSIDERATION**

**[WATER AGENDA ITEMS](#)**

A. **Authorize execution of a potable water supply contract with Wylie Northeast Special Utility District (SUD) - Administrative Memorandum No. 5887**

- Consider authorizing the execution of a potable water supply contract with current customer, Wylie Northeast SUD, with a contract term of 20 years

Director Terry Sam Anderson advised that the Water Committee reviewed this item yesterday and voted to recommend the Board authorize execution of a Potable Water Supply Contract with Wylie Northeast Special Utility District, a current customer of NTMWD.

Director Terry Sam Anderson made a motion to approve. Motion was seconded by Director Jim Kerr.

Prior to the vote, a question was raised as to the rates applied in the contract. Executive Director Covington responded that the new contract template allows for the Board to set the rate.

The Board of Directors voted unanimously to approve.

**WASTEWATER AGENDA ITEMS**

B. **Authorize construction Change Order No. 8 for the Buffalo Creek Parallel Interceptor , Phase I project - Administrative Memorandum No. 5888**

- Consider authorizing Change Order No. 8 with Mountain Cascade of Texas, LLC for additional vents and odor control improvements for Project No. 507-0484-17, Buffalo Creek Parallel Interceptor, Phase I

Director Ron Kelley advised that the Wastewater Committee reviewed this item yesterday and voted to recommend the Board authorize funding for Change Order No. 8 with Mountain Cascade of Texas, LLC for additional vents and odor control systems on the Buffalo Creek Parallel Interceptor, Phase I project.

Upon a motion by Director Ron Kelley and a second by Director Phil Dyer, the Board of Directors voted unanimously to approve.

C. **Authorize construction Change Order No. 4 for the Upper East Fork Interceptor System Relocation of 60-inch Wastewater Pipeline project - Administrative Memorandum No. 5889**

- Consider authorizing Change Order No. 4 with McKee Utility Contractors, Inc. in the amount of \$672,459.72, which is subject to Texas Department of Transportation reimbursement to resolve a utility conflict with the existing 60-inch NTMWD interceptors and additional pavement replacement necessary to facilitate the relocation for Project No. 101-0544-19, Upper East Fork Interceptor System Relocation of 60-inch Wastewater Pipeline

Director Ron Kelley advised that the Wastewater Committee reviewed this item yesterday and voted to recommend the Board authorize funding for Change Order No. 4 with McKee Utility Contractors, Inc. for resolving a utility conflict for the Upper East Fork Interceptor System Relocation of 60-inch Wastewater Pipeline project, which is subject to Texas Department of Transportation reimbursement.



Upon a motion by Director Ron Kelley and a second by Director Joe Farmer, the Board of Directors voted unanimously to approve.

**XIII. CLOSING ITEMS**

- A. Opportunity for Board members to provide feedback or request potential future agenda items.

Director Don Gordon requested a report on the sustainability of the new retirement system. Related to that, President May requested a report on the impact of the early retirement program. Deputy Director Jeanne Chipperfield advised that a report will be provided to the Finance Committee, likely around June 2023.

Brief discussion followed as to the health of current and former Board Members.

**XIV. ADJOURNMENT**

There being no further business, the meeting adjourned at approximately 3:59 p.m.

APPROVED:

\_\_\_\_\_  
JACK MAY, President

ATTEST:

\_\_\_\_\_  
GEORGE CRUMP, Secretary

# **NORTH TEXAS MUNICIPAL WATER DISTRICT**

MARCH 2023

CONSENT AGENDA ITEM NO. 23-03-02

FEBRUARY 2023 BOARD WORK SESSION MEETING MINUTES

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## **RECOMMENDATION**

The Executive Director and NTMWD staff recommend the Board of Directors approve the minutes of the Board Work Session and Special Meeting minutes held on Thursday February 16, 2023, as presented. (See attached)

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## NORTH TEXAS MUNICIPAL WATER DISTRICT

501 E. Brown Street • Wylie, Texas 75098  
(972) 442-5405 – Phone • (972) 295-6440 – Fax

### MINUTES OF WORK SESSION MEETING OF THE BOARD OF DIRECTORS FEBRUARY 16, 2023

The North Texas Municipal Water District (NTMWD) Board of Directors met in a Work Session Meeting on Thursday, February 16, 2023 at 1:00 p.m. Notice of the meeting was legally posted in accordance with Government Code, Title 551, Open Meetings.

#### I. CALL TO ORDER

President Jack May called the meeting to order at approximately 1:01 p.m.

President May advised the following regarding the meeting:

The meeting today is being conducted in person with two-way video and audio communication between Board members participating by in person and by videoconference, establishing a quorum. The public may attend the meeting in person. Audio and video of Board members participating by videoconference will be visible. Members of the public wishing to listen to live audio from the meeting may do so by calling in.

#### II. ROLL CALL/ANNOUNCEMENT OF QUORUM

The roll was called and attendance was confirmed as follows:

<i><b>DIRECTOR</b></i>	<i><b>IN PERSON</b></i>	<i><b>REMOTE</b></i>
Terry Sam <b>ANDERSON</b>	√	
Kalen <b>BOREN</b>	Absent	
John <b>CARR</b>	√	
Rick <b>CROWLEY</b>	√	
George <b>CRUMP</b>	√	
Phil <b>DYER</b>	Absent	

<b>DIRECTOR</b>	<b>IN PERSON</b>	<b>REMOTE</b>
Joe <b>FARMER</b>	√	
Marvin <b>FULLER</b>	√	
Don <b>GORDON</b>	√	
David <b>HOLLIFIELD</b>	√	
Chip <b>IMRIE</b>	√	
Blair <b>JOHNSON</b>		√
Ronald <b>KELLEY</b>		√
James <b>KERR</b>	√	
Geralyn <b>KEVER</b>	√	
Jack <b>MAY</b>	√	
Richard <b>PEASLEY</b>	√	
Randy <b>ROLAND</b>	√	
Lynn <b>SHUYLER</b>	Absent	
Keith <b>STEPHENS</b>	√	
Jody <b>SUTHERLAND</b>		√
John <b>SWEEDEN</b>	√	
Larry <b>THOMPSON</b>	√	

The following NTMWD legal and professional consultants attended the meeting:

- Sara Thornton– Lloyd Gosselink Rochelle & Townsend
- Jennifer Ivey, Steve Frost – Carollo Engineers

**III. OPENING REMARKS**

A. President's Remarks concerning current events, conduct of meeting, posted agenda items, committee assignments, and related matters

President May advised that following the discussion item, the Board will convene into Executive Session for the remainder of the discussion on that item.

- B. Executive Director's Status Report concerning legislation and regulatory matters, budgets, current projects and ongoing programs of the District including the Regional Water System, Regional Wastewater System, Regional Solid Waste System, Watershed Protection, and Water Conservation

No remarks.

#### IV. **PUBLIC COMMENTS**

Prior to the start of the meeting, speakers must complete and submit a "Public Comment Registration Form." During the public comment portion of the meeting, speakers will be recognized by name and asked to provide their comments. The time limit is three (3) minutes per speaker, not to exceed a total of thirty (30) minutes for all speakers. The Board may not discuss these items but may respond with factual or policy information.

There were no requests for public comments.

#### V. **DISCUSSION ITEMS**

- A. Regional Water System – Preliminary Briefing Regarding Customer Premium

Executive Director Jenna Covington provided opening remarks for today's meeting.

Deputy Director Jeanne Chipperfield provided an overview of the history and prior actions related to the Customer Premium discussion. She reviewed the following information in her presentation:

- Member City Settlement Agreement requires Independent Financial Review (IFR) of Regional Water System (RWS) every 3 years
- First IFR provided to Board in November 2021
- District was found to have reasonable expenses, appropriate balances, met contractual requirements
- 16 recommendations were provided for the Board's consideration
- Board reviewed the options and feedback on the recommendations from Members, Customers, and District staff
- The Board adopted three resolutions, acting on the recommendations on April 28, 2022
  - 10 recommendations adopted as written
  - 4 recommendations adopted with modifications
  - 2 recommendations rejected

Ms. Chipperfield advised that there were two recommendations in the IFR related to the Customer Premium. The recommendation to implement a 10% rate premium for Customer Cities was rejected by the Board. The recommendation to conduct a formal study to refine and document the basis for a long-term premium was adopted by the Board. It was noted that the IFR cited several reasons why a Customer Premium is appropriate as follows:

- Members have an obligation to make up shortfalls, as and when needed, even on short notice
- Payments are a first lien on the Members' combined water and sewer revenues
- Members cannot leave Regional Water System
- Members bear owners' risk of having to pay first, then recover from customers any shortfalls or extraordinary expenses

Ms. Chipperfield advised that Carollo Engineers was selected to conduct a detailed rate study. Study topics included Customer Premium, potential buy-in charge for new Members and buy-in charge for new Customers. She provided an overview of the Customer Premium history and Water revenue history. Additionally, Ms. Chipperfield provided demand projections through 2080. The current Customer contracts were summarized.

Ms. Chipperfield advised that on February 27<sup>th</sup> Carollo Engineers will present at the Member and Customer meetings to review the preliminary Premium calculation. During March and April, feedback from the Members and Customers will be received. In April, the Board will conduct a work session on the Customer Premium, including a potential buy-in charge for an existing Customer to become a Member, and a potential buy-in charge for a new Customer. It is anticipated that during the May - June timeframe, the Board will provide direction on the path forward.

Ms. Chipperfield introduced Consultant Jennifer Ivey with Carollo Engineers. Ms. Ivey explained that the purpose of the study is to "equitably allocate the revenue requirements to Member Cities and Customers to determine an appropriate Customer Premium." She provided an in-depth presentation on the key elements and process used for calculating and considering Customer Premiums. The process for determining Revenue Requirements, as well as several methods for determining a Rate of Return were provided.

At 1:38 p.m. President May announced the need for an Executive Session of the Board of Directors to discuss item V. A., pursuant to the Texas Government Code, Sections 551.071 Consultation With Attorney.

President May confirmed with staff that the public access line was disconnected and that the audio recording was disabled during the Executive Session discussion.

Open Session reconvened at 4:57 p.m. The public teleconference line was reconnected.

No action was taken in Executive Session. No action was taken in open session as a result of Executive Session.

VI. **ADJOURNMENT**

There being no further business, the meeting adjourned at approximately 4:57 p.m.

APPROVED:

\_\_\_\_\_  
JACK MAY, President

ATTEST:

\_\_\_\_\_  
GEORGE CRUMP, Secretary

DRAFT

# NORTH TEXAS MUNICIPAL WATER DISTRICT

MARCH 2023

CONSENT AGENDA ITEM NO. 23-03-03

## MODIFICATION OF CAPITAL PROJECTS REQUEST

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### RECOMMENDATION

The Executive Director and NTMWD staff recommend the Board of Directors authorize the Modification of Capital Projects Request in accordance with NTMWD's Board Policies Manual for project changes greater than \$100,000 and less than \$500,000.

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#### **I. CONSTRUCTION CHANGE ORDERS ONLY**

##### WATER SYSTEM

a. None.

##### WASTEWATER SYSTEM

a. None.

##### SOLID WASTE SYSTEM

a. None.

---

#### **II. AUTHORIZATION TO ISSUE CONSTRUCTION FINAL PAYMENT ONLY**

Work on the following projects is substantially complete with only minor deficiencies remaining. Final payment in the total amounts shown will be made on these projects when completion of all deficiency items is verified.

##### WATER SYSTEM

a. None.

##### WASTEWATER SYSTEM

a. None.

##### SOLID WASTE SYSTEM

a. None.

---

#### **III. CONSTRUCTION CHANGE ORDER AND AUTHORIZATION TO ISSUE FINAL PAYMENT ONLY**

Work on the following projects is substantially complete with only minor deficiencies remaining. Final payment in the total amounts shown will be made on these projects when all work associated with the change order shown on the tabulation shall have been completed and accepted, and completion of all deficiency items is verified.



WATER SYSTEM

a. None.

WASTEWATER SYSTEM

a. None.

SOLID WASTE SYSTEM

a. None.

**IV. AMENDMENTS TO ENGINEERING, INSPECTION AND/OR LEGAL SERVICES ONLY:**

WATER SYSTEM

a. Project No. 101-0517-18, Wylie Water Treatment Plant (WTP) II Structural and Mechanical Improvements, Phase I

DESCRIPTION	AMOUNT
Original ESA	\$1,049,788.00
Prior Additional Services	\$173,497.00
<b>Proposed Additional Services</b>	<b>\$254,521.00</b>
Additional Engineering Construction Phase Services due to extended construction period, additional effort for CMAR coordination, and equipment witness tests.	
<b>Revised ESA Amount</b>	<b>\$1,477,806.00</b>

Funding in the amount of \$254,521.00 for Amendment No. 3 to Jacobs Engineering Group, Inc., is available in the Regional Water System Capital Improvement Fund

WASTEWATER SYSTEM

a. Project No. 507-0484-17, Buffalo Creek Parallel Interceptor, Phase I

DESCRIPTION	AMOUNT
Original Internal Inspection Services	\$321,750.00
Prior Additional Services	\$0.00
<b>Proposed Additional Services</b>	<b>\$140,000.00</b>
Internal inspection budget for Fiscal Year 2023 for in-house civil inspection services	
<b>Revised Amount</b>	<b>\$461,750.00</b>

Funding in the amount of \$140,000.00 for internal inspection services, is available in the Buffalo Creek Wastewater Interceptor System 2020 Construction Fund

b. Project No. 301-508-18, Wilson Creek Regional Wastewater Treatment Plant (RWWTP) Step Feed Improvements

DESCRIPTION	AMOUNT
Original Inspection Services Agreement (ISA)	\$285,668.00
Prior Additional Services	\$0.00
<b>Proposed Additional Services</b>	<b>\$49,050.00</b>
Additional inspection services for civil, electrical, and instrumentation to finish the project	
<b>Revised ISA Amount</b>	<b>\$334,718.00</b>

Funding in the amount of \$49,050.00 for additional inspection services to Dietz Engineering, is available in the Regional Wastewater System 2019 Construction Fund

c. Project No. 301-508-18, Wilson Creek Regional Wastewater Treatment Plant (RWWTP) Plant Drain Improvements

DESCRIPTION	AMOUNT
Original Inspection Service Agreement (ISA)	\$188,025.00
Prior Additional Services	\$71,539.00
<b>Proposed Additional Services</b>	<b>\$32,700.00</b>
Additional inspection services for the remaining work to finish the project	
<b>Revised ISA Amount</b>	<b>\$292,264.00</b>

Funding in the amount of \$32,700.00 for additional inspection services to Dietz Engineering, is available in the Regional Wastewater System 2019 Construction Fund

SOLID WASTE SYSTEM

- a. None.

# NORTH TEXAS MUNICIPAL WATER DISTRICT

MARCH 2023

CONSENT AGENDA ITEM NO. 23-03-04

## DESIGNATION OF AUTHORIZED REPRESENTATIVES IN THE TEXAS LOCAL GOVERNMENT INVESTMENT POOL (TEXPOOL)

### RESOLUTION NO. 23-06

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#### ACTION (*What*)

Amend the list of authorized representatives for Investments in TexPool.

---

#### PURPOSE (*Why*)

TexPool requires the NTMWD Board of Directors approve any and all additions to the list of the District's authorized representatives.

---

#### RECOMMENDATION

The Executive Director and NTMWD staff recommend the Board of Directors adopt Resolution No. 23-06, "*A Resolution Amending Authorized Representatives for Investments in TexPool.*"

Contracting Party: N/A

Scope: Designate authorized NTMWD representatives in TexPool

Project: N/A

Amount: N/A

Strategic Objective: 2.3 Rigorous Financial Management

---

#### DRIVER(S) FOR THIS PROJECT

- |  |  |
|--|--|
| <input type="checkbox"/> Regulatory Compliance           | <input type="checkbox"/> Asset Condition           |
| <input type="checkbox"/> Capacity                        | <input type="checkbox"/> Redundancy/Resiliency     |
| <input type="checkbox"/> Relocation or External Requests | <input type="checkbox"/> Operational Efficiency    |
| <input type="checkbox"/> Safety                          | <input checked="" type="checkbox"/> Administrative |
| <input type="checkbox"/> Policy                          | <input type="checkbox"/> Other _____               |

## BACKGROUND

- Section 1.4.5 of the District's Investment Policy authorizes the investment of District funds in "Eligible Investment Pools" which comply with the Public Funds Investment Act. TexPool is AAAM rated, which meets the requirements set forth in the District's Investment Policy. Its primary investment objectives are to protect principal, maintain liquidity, provide safety of funds, and maximize returns. Participants include cities, counties, school districts, institutions of higher education, special districts, and other public entities of Texas.
- TexPool originated in 1989 and is the oldest and largest investment pool in the state. The pool currently provides investment services for 2,762 participants. As of February 28, 2023, the fund balance was \$33.6 billion and the average yield for the month of February was 4.4991%. Federated Investors, Inc. administers the pool.
- The attached resolution amends the list of authorized representatives to take such action as necessary to invest funds with the pool.
- TexPool only allows authorized representatives to communicate with TexPool regarding the District's accounts or enter transactions online. District employees can only move funds between District accounts.
- The District has 3 employees designated to enter transactions and 4 employees designated to review and approve transactions.
- The District's internal controls require 2 approvals for all transactions.
- This action was last taken in March 2022.

---

## FUNDING

FUND(S): No funding requested.

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# **NORTH TEXAS MUNICIPAL WATER DISTRICT**

## **RESOLUTION NO. 23-06**

### **A RESOLUTION AMENDING AUTHORIZED REPRESENTATIVES FOR INVESTMENTS IN TEXPOOL**

**WHEREAS**, North Texas Municipal Water District ("Participant") is a conservation and reclamation district and political subdivision of the State of Texas and is empowered to delegate to a public funds investment pool the authority to invest funds and to act as custodian of investments purchased with local investment funds; and,

**WHEREAS**, it is in the best interest of the Participant to invest local funds in investments that provide for the preservation and safety of principal, liquidity, and yield consistent with the Public Funds Investment Act; and,

**WHEREAS**, The Texas Local Government Investment Pool ("TexPool"), a public funds investment pool, was created on behalf of entities whose investment objections in order of priority are preservation and safety of principal, liquidity, and yield consistent with the Public Funds Investment Act; and,

**WHEREAS**, the Participant has established an account in its name in TexPool for the purpose of transmitting local funds for investment in TexPool; and,

**WHEREAS**, the Participant desires to add an Authorized Representative.

### **NOW, THEREFORE, THE BOARD OF DIRECTORS IN A REGULAR MEETING RESOLVES THAT:**

1. The individuals, whose signatures appear in this Resolution, are Authorized Representatives of the Participant and are each hereby authorized to transmit funds for investment in TexPool and are each further authorized to withdraw funds from time to time, to issue letters of instructions, and to take all other actions deemed necessary or appropriate for the investment of local funds.
2. An Authorized Representative of the Participant may be deleted by a written instrument signed by all remaining authorized representatives provided that the deleted Authorized Representative: (1) is assigned job duties that no longer require access to the Participant's TexPool account, or (2) is no longer employed by the Participant.
3. The Participant may by Amending Resolution signed by the Participant add an Authorized Representative provided the additional authorized representative is an officer, employee, or agent of the Participant.

4. The following are Authorized Representatives of the Participant and shall be issued P.I.N. numbers:

- a. Name:       Jeanne Chipperfield       Title: Deputy Director - Administrative Services  
Signature: \_\_\_\_\_ Phone: 469-626-4317
- b. Name:       Erik Felthous       Title: Assistant Deputy - Finance  
Signature: \_\_\_\_\_ Phone: 469-626-4354
- c. Name:       Drew Farris       Title: Finance Manager  
Signature: \_\_\_\_\_ Phone: 469-626-4355
- d. Name:       Holly Matthews       Title: Accounting Manager  
Signature: \_\_\_\_\_ Phone: 469-626-4375
- e. Name:       Daniel J. Sellars       Title: Debt and Investment Supervisor  
Signature: \_\_\_\_\_ Phone: 469-626-4369
- f. Name:       Katherine Richmond       Title: Investment Coordinator  
Signature: \_\_\_\_\_ Phone: 469-626-4403
- g. Name:       Paxton Payne       Title: Financial Analyst - Debt  
Signature: \_\_\_\_\_ Phone: 469-626-4373

Drew Farris (email - dfarris@ntmwd.com / Fax 972-442-5400) is the Authorized Representative provided above that will have primary responsibility for performing transactions and receiving confirmation and monthly statements under the Participation Agreement.

5. That this resolution and its authorization shall continue in full force and effect until amended or revoked by the Participant, and until TexPool receives a copy of such an amendment or revocation.

**THIS RESOLUTION ADOPTED BY THE NTMWD BOARD OF DIRECTORS IN A REGULAR MEETING ON MARCH 23, 2023, IN THE ADMINISTRATIVE OFFICES OF THE NTMWD, WYLIE, TEXAS.**

\_\_\_\_\_  
**GEORGE CRUMP, Secretary**

\_\_\_\_\_  
**JACK MAY, President**

**(SEAL)**

# NORTH TEXAS MUNICIPAL WATER DISTRICT

MARCH 2023

CONSENT AGENDA ITEM NO. 23-03-05

## TEXAS WATER DEVELOPMENT BOARD FINANCING FOR BOIS D'ARC LAKE – PHASE II

### RESOLUTION NO. 23-07

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#### ACTION *(What)*

Authorize filing an application for financial assistance from the Texas Water Development Board (TWDB) for financing the Bois d'Arc Lake (BDL) - Phase II Improvements and Expansion.

---

#### PURPOSE *(Why)*

In order for NTWMD to access the State Water Implementation Fund for Texas (SWIFT) Program funds, a formal application must be submitted to the TWDB. An estimated \$79.443M in savings can be realized by the NTMWD if approved by the TWDB.

---

#### RECOMMENDATION

The Executive Director, NTMWD staff, McCall, Parkhurst and Horton, LLP, NTMWD Bond Counsel, and Hilltop Securities, Inc., NTMWD Financial Advisor, recommend the Board of Directors adopt Resolution No. 23-07, "Application Filing and Authorized Representative Resolution".

Contractor: N/A  
Scope: Financial Assistance Application  
Project: BDL - Phase II  
Amount: \$532,390,000  
Strategic Objective: 2.3 Rigorous Financial Management

This was an item on the March 8, 2023, Finance Committee agenda.

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#### DRIVER(S) FOR THIS PROJECT

- |  |  |
|--|--|
| <input type="checkbox"/> Regulatory Compliance           | <input type="checkbox"/> Asset Condition           |
| <input type="checkbox"/> Capacity                        | <input type="checkbox"/> Redundancy/Resiliency     |
| <input type="checkbox"/> Relocation or External Requests | <input type="checkbox"/> Operational Efficiency    |
| <input type="checkbox"/> Safety                          | <input checked="" type="checkbox"/> Administrative |
| <input type="checkbox"/> Policy                          | <input type="checkbox"/> Other _____               |

## BACKGROUND

- On January 31, 2023, NTMWD submitted an abridged application to the TWDB for financial assistance from TWDB's SWIFT Program to fund \$532.390M in costs for the BDL Phase II projects, which includes Bois d'Arc Lake and Leonard Water Treatment Plant Expansion and Improvements.
- Financial assistance under the SWIFT Program provides long-term, fixed-rate loans offered at below-market rates. Maturities range from 20 to 30 years. Interest rates are based on the TWDB's cost of funds, which reflects the program's AAA credit rating. This interest rate is further reduced by a subsidy established by the TWDB Board for each funding cycle. The 2023 funding cycle subsidy percentages will be determined at the time of prioritization, anticipated to be in spring of 2023.
- Debt service savings have been estimated to be \$79.443M should NTMWD qualify and submit for the full amount of financial assistance.
- The TWDB will prioritize projects; and consideration for the project priority list will go to the TWDB Board for approval. Anticipated to be in spring of 2023.
- Upon TWDB Board approval, a formal invitation to apply will be extended. The NTMWD, upon invitation to apply, will have 30 days to submit a full application. This action authorizes staff to submit the full application. Anticipated to be late spring or early summer 2023.
- The NTMWD will be required to execute a Financing Agreement in late summer and are expected to close on loans shortly after the TWDB's bond closing. Anticipated to be in late fall or winter of 2023.
- Construction and inspection packages for BDL Phase II are scheduled to be awarded in December 2023.

---

## FUNDING

FUND(S): N/A

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# **NORTH TEXAS MUNICIPAL WATER DISTRICT**

## **RESOLUTION NO. 23-07**

### **APPLICATION FILING AND AUTHORIZED REPRESENTATIVE RESOLUTION**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE NORTH TEXAS MUNICIPAL WATER DISTRICT REQUESTING FINANCIAL ASSISTANCE FROM THE TEXAS WATER DEVELOPMENT BOARD; AUTHORIZING THE FILING OF AN APPLICATION FOR ASSISTANCE; AND MAKING CERTAIN FINDINGS IN CONNECTION THEREWITH.**

**BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE NORTH TEXAS MUNICIPAL WATER DISTRICT:**

1. That an application is hereby approved and authorized to be filed with the Texas Water Development Board seeking financial assistance in an amount not-to-exceed \$532,390,000 to provide for the costs of financing, acquiring, and constructing the Bois d' Arc Lake - Phase II Expansion and Improvements, including procurement, construction, inspection, testing, and legal expenses.

2. That the Board President, Executive Director/General Manager, and Deputy Director – Administrative Services, or their designee, are hereby designated as authorized representatives of the North Texas Municipal Water District for purposes of furnishing such information and executing such documents as may be required in connection with the preparation and filing of such application for financial assistance and the rules of the Texas Water Development Board.

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

Financial Advisor: Hilltop Securities, Inc., Fort Worth, Texas

Engineer: North Texas Municipal Water District Project Team, Wylie, Texas

Bond Counsel: McCall, Parkhurst & Horton LLP, Dallas, Texas

**RESOLUTION ADOPTED BY THE NTMWD BOARD OF DIRECTORS IN A REGULAR MEETING  
ON MARCH 23, 2023, IN THE ADMINISTRATIVE OFFICES OF THE NTMWD, WYLIE, TEXAS**

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**GEORGE CRUMP, Secretary**

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**JACK MAY, President**

**(SEAL)**

# NORTH TEXAS MUNICIPAL WATER DISTRICT

MARCH 2023

CONSENT AGENDA ITEM NO. 23-03-06

## REGIONAL SOLID WASTE SYSTEM FIRST AMENDMENT TO INTERLOCAL COOPERATION AGREEMENT BETWEEN THE NORTH TEXAS MUNICIPAL WATER DISTRICT AND THE CITY OF PLANO, TEXAS FOR THE USE OF A COMMUNITY GARDEN AT THE PARKWAY TRANSFER STATION FACILITY

---

### ACTION (*What*)

Authorize the Executive Director to execute the First Amendment to the Interlocal Cooperation Agreement (ILA) between the City of Plano (City) and the North Texas Municipal Water District (NTMWD).

---

### PURPOSE (*Why*)

In April 2006, the Board of Directors approved Administrative Memorandum 2872 authorizing the Executive Director to execute the original above-referenced ILA. The First Amendment redefines the acreage and location of the Community Garden based on the site layout modifications required to accommodate the Parkway Transfer Station top load conversion project.

---

### RECOMMENDATION

The Executive Director, NTMWD staff, and Saunders, Walsh, & Beard recommend the Board of Directors authorize the Executive Director to execute the First Amendment to the ILA with the City of Plano.

Contracting Party: City of Plano

Scope: Approval of First Amendment to the ILA with the City of Plano

Project: Plano Community Garden

Strategic Objective: 3.3 Durable Strategic Partnerships

This item was reviewed during the November 2022 Solid Waste Committee meeting.

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### DRIVER(S) FOR THIS PROJECT

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> Regulatory Compliance           | <input type="checkbox"/> Asset Condition        |
| <input type="checkbox"/> Capacity                                   | <input type="checkbox"/> Redundancy/Resiliency  |
| <input checked="" type="checkbox"/> Relocation or External Requests | <input type="checkbox"/> Operational Efficiency |
| <input type="checkbox"/> Safety                                     | <input type="checkbox"/> Administrative         |
| <input type="checkbox"/> Policy                                     | <input type="checkbox"/> Other _____            |

PROJECT PURPOSE

- The purpose of this consent agenda item is to authorize the Executive Director to execute the First Amendment to the Interlocal Cooperation Agreement between the NTMWD and the City, for the use of a Community Garden at the Parkway Transfer Station Facility.
- The City engineering department requires a storm water detention pond be constructed due to site modifications associated with the Parkway Transfer Station top load project.
- Based on the location of the future pond, the Plano Community Garden acreage and location described in the ILA needs to be modified from approximately 2.560 acres to approximately 1.257 acres.
- The acreage removed from the agreement was not utilized by the Community Garden and does not impact their activities.
- A copy of the First Amendment is attached.

---

FUNDING

FUND(S): No funding is requested.

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**FIRST AMENDMENT TO INTERLOCAL COOPERATION AGREEMENT BETWEEN  
NORTH TEXAS MUNICIPAL WATER DISTRICT AND THE CITY OF PLANO, TEXAS  
FOR THE USE OF A COMMUNITY GARDEN AT THE PARKWAY TRANSFER  
STATION FACILITY**

**THIS FIRST AMENDMENT OF** Interlocal Cooperation Agreement (hereinafter "First Amendment") is by and between the **CITY OF PLANO, TEXAS**, a home-rule municipal corporation (hereinafter "PLANO"), acting by and through its City Manager or his designee, and the **NORTH TEXAS MUNICIPAL WATER DISTRICT**, a conservation and reclamation district and political subdivision of the State of Texas (hereinafter "NTMWD"). CITY and NTMWD are sometimes collectively referred to as "Parties."

**WITNESSETH:**

**WHEREAS**, the Parties entered into the Interlocal Cooperation Agreement on October 6, 2006 (hereinafter "Agreement") for the use of a community garden at the NTMWD's Parkway Transfer Station Facility (hereinafter "Community Garden"); and

**WHEREAS**, it is necessary to modify the acreage and notice sections of the Agreement as set forth herein in this First Amendment.

**NOW THEREFORE**, for other good and valuable consideration, the Parties agree to amend the Agreement as follows:

**I.**

The Agreement is incorporated herein as if written word for word. Except as provided below, all other terms and conditions of the Agreement shall remain unchanged and shall remain in full force and effect. In the event of any conflict or inconsistency between the provisions set forth in this First Amendment and the Agreement, priority of interpretation shall be in the following order: (1) First Amendment, and (2) Agreement.

**II.**

Beginning on the effective date of this First Amendment and continuing through the remaining term of the Agreement, Section III, Subsection A.1 is hereby deleted in its entirety and replaced with the following:

NTMWD shall, for the duration of the Agreement, allow Plano to use the approximately 1.257 acre parcel at the Parkway Transfer Station, located at 4030 West Plano Parkway Plano, Texas 75093 (hereinafter referred to as the "Community Garden Parcel") for the purposes of a community garden built and operated by residents of the City of Plano.

**III.**

Beginning on the effective date of this First Amendment and continuing

through the remaining term of the Agreement, Section III, Subsection B.1 is hereby deleted in its entirety and replaced with the following:

Plano recognizes the Community Garden Parcel is regulated by TCEQ via permit number MSW 1494, which is subject to future amendment. TCEQ permit number MSW 1494, as amended, is hereinafter referred to as the "Permit". Plano agrees to maintain the Community Garden Parcel in compliance with any present or future rules governing the transfer station operation and the Permit, and will bear the cost associated with such compliance. Plano further agrees to contact NTMWD for approval prior to performing any activities on the Community Garden Parcel that require a modification to the Permit. Such activities include, but are not limited to: construction of permanent structures, installation of fencing, and re-grading that alters the site drainage. Any activities that require prior TCEQ approval shall not occur until NTMWD receives approval from TCEQ. If notified by NTMWD of any violations to rules governing activities on the Community Garden Parcel, Plano shall immediately rectify such violations at its sole cost and expense.

#### **IV.**

Beginning on the effective date of this First Amendment and continuing through the remaining term of the Agreement, Section III, Subsection B.2 is hereby deleted in its entirety and replaced with the following:

NTMWD shall obtain, at NTMWD's expense, the survey for the modification of the acreage in the Agreement.

#### **V.**

Beginning on the effective date of this First Amendment and continuing through the remaining term of the Agreement, Section III, Subsection B.6 is hereby deleted in its entirety and replaced with the following:

Plano shall keep the future planned detention pond free and clear of all debris and obstructions to facilitate drainage of surface water run-off from the transfer station facility.

#### **VI.**

Beginning on the effective date of this First Amendment and continuing through the remaining term of the Agreement, the Exhibit B attached to the Agreement is replaced with the Exhibit B attached hereto, and made a part of, this First Amendment.

**VII.**

Beginning on the effective date of this First Amendment and continuing through the remaining term of the Agreement, Section **V. NOTICE** is hereby modified in its entirety as follows:

**V.  
NOTICE**

Notice, as required by this Agreement, shall be in writing delivered to the parties via hand delivery, facsimile, email, certified mail, return receipt requested, or national overnight delivery service at the addresses listed below:

If to PLANO:

Nicole Warhoftig  
SEED Manager  
4200 W. Plano Parkway  
Plano, TX 75093  
(972) 769-4132 (Telephone)  
(972) 769-4219 (Facsimile)  
Email: [nwarhoftig@plano.gov](mailto:nwarhoftig@plano.gov)

If to NTMWD:

Jennafer P. Covington  
Executive Director/General Manager  
Post Office Box 2408  
Wylie, TX 75098  
972-442-5405 (Telephone)  
972-295-6440 (Facsimile)  
Email: [jcovington@ntmwd.com](mailto:jcovington@ntmwd.com),  
[mfriesen@ntmwd.com](mailto:mfriesen@ntmwd.com), and  
[jmayfield@ntmwd.com](mailto:jmayfield@ntmwd.com)

With a copy to:

City Attorney  
City of Plano  
1520 K Avenue, Suite 340  
Plano, Texas 75074

Saunders, Walsh & Beard  
6850 TPC Drive, Suite 210  
McKinney, Texas 75070  
214-919-3555 (Telephone)  
214-945-4060 (Facsimile)  
Email: [mark@saunderswalsh.com](mailto:mark@saunderswalsh.com)

Each party shall notify the other in writing within ten (10) calendar days of any change in the information listed in this section.

**VIII.**

Each person signing this First Amendment represents and warrants that he or she is duly authorized and has legal capacity to execute and deliver this First Amendment. Each party represents and warrants to the other that the execution and delivery of the First Amendment and the performance of such party's obligations hereunder have been duly authorized and that the First Amendment is a valid and legal agreement binding on such party and enforceable in accordance with its terms.

**IN WITNESS WHEREOF**, this First Amendment shall be effective from and after the date of execution by the last signatory hereto as evidenced below.

**NORTH TEXAS MUNICIPAL WATER DISTRICT**

Date: \_\_\_\_\_

By: \_\_\_\_\_

Name: Jennafer P. Covington

Title: Executive Director/General Manager

**CITY OF PLANO, TEXAS**

Date: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

APPROVED AS TO FORM:

\_\_\_\_\_  
Paige Mims, CITY ATTORNEY

## **EXHIBIT B**

COMMUNITY GARDEN  
Interlocal Cooperation Agreement  
54,746 Sq. Ft./1.257 Acres  
Part of Lot 1, Block 1  
Parkway Transfer Station Addition  
City of Plano  
Collin County, Texas

**BEING** 1.257 acres of land, situated in the City of Plano, in the Martha McBride Survey, Abstract No. 553 and being part of Lot 1, Block 1 of Parkway Transfer Station Addition, an addition to the City of Plano, according to the Final Plat thereof, recorded in Cabinet C, Page 409, Plat Records, Collin County, Texas (P.R.C.C.T.) being the same as that certain called 7.914 acre tract described in a deed from the City of Plano to North Texas Municipal Water District, recorded in Volume 1300, Page 806 Deed Records, Collin County, Texas (D.R.C.C.T.), SAVE & EXCEPT that certain parcel of land described in a Boundary Line Agreement, recorded in Document No. 20100831000916260, D.R.C.C.T. and said parcel being more particularly described by metes & bounds as follows:

**BEGINNING** at a 1/2 inch iron rod, topped with a plastic cap, stamped "HALFF", found on the south line of the above described Lot 1, Block 1 and the northerly right-of-way line of the Kansas City Southern Railroad Company (150' wide right-of-way) and said point being the southeast corner of that certain called 0.776 acre tract of land described in a Boundary Line Agreement, dated August 13, 2010 and recorded in Document No. 20100831000916260, Deed Records, Collin County, Texas (D.R.C.C.T.) and same being the easterly southeast corner of Lot 1, Block 1 of Renner SVC Substation, an addition to the City of Plano according to the Final Plat thereof, recorded in Volume 2010, Page 251, P.R.C.C.T. and said point bears South 79 deg. 14 min. 01 sec. East – 27.43 feet from the original southwest corner of Lot 1, Block 1 of Parkway Transfer Station Addition;

**THENCE:** North 00 deg. 44 min. 32 sec. East, departing from said railroad right-of-way, along the common line of said Parkway Transfer Station Addition and Renner SVC Substation, a distance of 297.40 feet to a 1/2 inch iron rod, topped with a red plastic cap, stamped "RPLS 4701", found for corner on the original north line of said Parkway Transfer Station Addition and same being the most southerly corner of Lot 1, Block 1 of Westside Service Station Addition, Phase II, an addition to the City of Plano, according to the Final Plat thereof, recorded in Cabinet I, Page 31, P.R.C.C.T.;

**THENCE:** North 61 deg. 01 min. 05 sec. East, along the common line of said Parkway Transfer Station and Westside Service Station additions, a distance of 279.65 feet to a point in a north-south chain link fence for the northeast corner of this hereinafter described parcel of land;



**THENCE:** South 03 deg. 09 min. 03 sec. East, departing from said common line, over & across said Lot 1, Block 1 and with said chain link fence, a distance of 251.08 feet to a point for the southeast corner of this parcel of land;

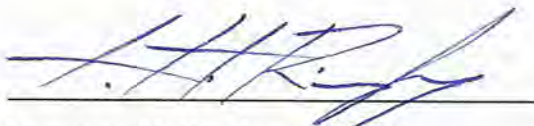
**THENCE:** North 88 deg. 38 min. 27 sec. West, departing from said chain link fence, continuing across said Lot 1, Block 1, a distance of 164.61 feet to a point for an inside ell corner of this parcel of land;

**THENCE:** South 27 deg. 42 min. 17 sec. West, continuing across said Lot 1, Block 1, a distance of 210.17 feet to the **POINT OF BEGINNING and containing 54,746 square feet or 1.257 acres of land.**

Note:

The Bearing Base of this Plat is South 43° 59' 00" East, along the Northeasterly line of Lot 1, Block 1, of the Parkway Transfer Station Addition recorded in Cabinet C, Page 409, of the Plat Records, Collin County, Texas.

Prepared Under My Hand & Seal,  
This 19<sup>th</sup> Day of January, 2023.



Lawrence H. Ringley, R.P.L.S.  
State of Texas, No. 4701

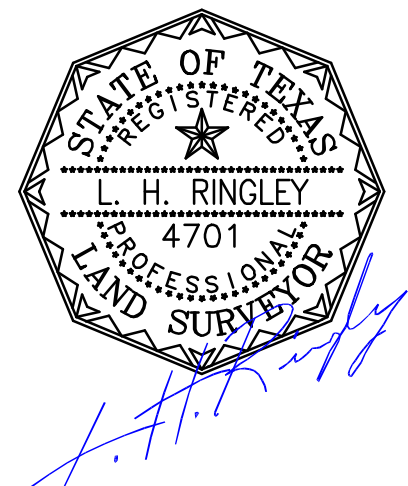
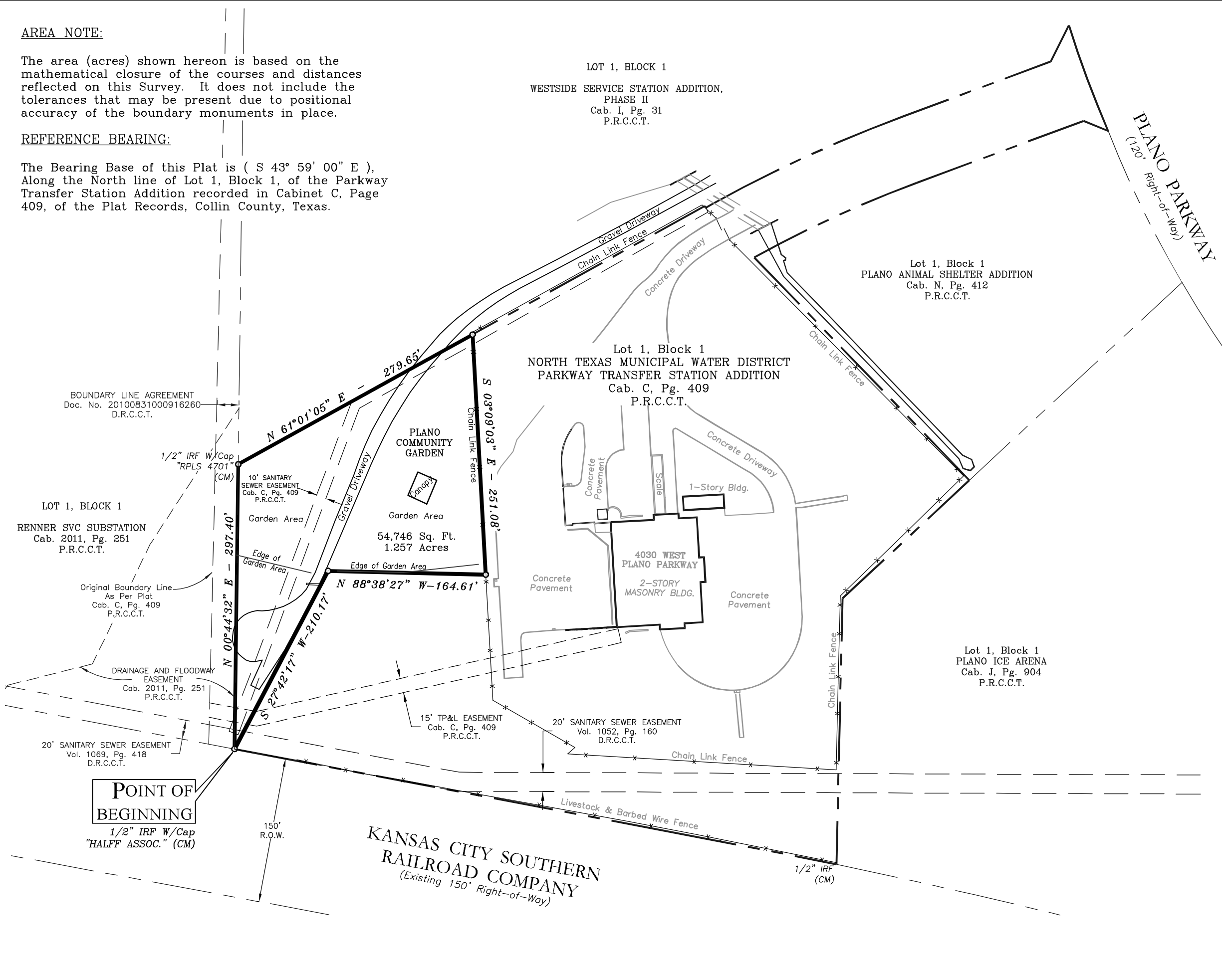
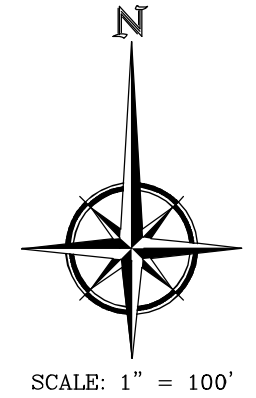


**AREA NOTE:**

The area (acres) shown hereon is based on the mathematical closure of the courses and distances reflected on this Survey. It does not include the tolerances that may be present due to positional accuracy of the boundary monuments in place.

**REFERENCE BEARING:**

The Bearing Base of this Plat is ( S 43° 59' 00" E ), Along the North line of Lot 1, Block 1, of the Parkway Transfer Station Addition recorded in Cabinet C, Page 409, of the Plat Records, Collin County, Texas.



**EXHIBIT B**  
PAGE 3 OF 3

**COMMUNITY GARDEN**  
Interlocal Cooperation Agreement  
54,746 Sq. Ft./1.257 Acres  
Part of Lot 1, Block 1  
Parkway Transfer Station Addition  
situated in  
Martha McBride Survey, Abstract No. 553  
City of Plano, Collin County, Texas

<p><b>RINGLEY &amp; ASSOCIATES, INC.</b> SURVEYING • MAPPING • PLANNING Texas Firm Registration No. 10061300 701 S. Tennessee - McKinney, Texas 75069 (972) 542-1266</p>		
Drawn by	Date	Scale
Mark Staab	01/19/2023	1" = 100'
Job	Title	Sheet
2022-047	2022-047-EX.DWG	3 of 3

# NORTH TEXAS MUNICIPAL WATER DISTRICT

MARCH 2023

CONSENT AGENDA ITEM NO. 23-03-07

REGIONAL WATER SYSTEM  
WYLIE TO ROCKWALL PIPELINE RELOCATION  
PROJECT NO. 101-0526-18

RESOLUTION NO. 23 - 14

RIGHT-OF-WAY ACQUISITION PROGRAM

---

ACTION (*What*)

Authorize resolution to amend the previously approved Right-of-Way acquisition program to add easements to this project.

---

PURPOSE (*Why*)

The upsized pipeline installed for the initial portion of this project eliminated the need for Phase I of the planned Lavon No. 2 to Rockwall-Cash Pipeline. Phase II is incorporated into this project and easement acquisition must be pursued at this time.

---

RECOMMENDATION

The Executive Director and NTMWD staff recommend the Board of Directors:

- 1) Authorize the Executive Director to amend a previously executed right-of-way acquisition program for the Wylie to Rockwall Pipeline Relocation, Project No. 101-0526-18, to add additional permanent and temporary easements; and,
- 2) Adopt Resolution No. 23-14, "*A Resolution Authorizing the Use of Eminent Domain to Acquire Right-of-Way for the Wylie to Rockwall Pipeline Relocation, Project No. 101-0526-18, and Delegating Authority to Initiate Condemnation Proceedings to the NTMWD Executive Director.*"

Consultant: N/A

Scope: Right-of-way acquisition and the necessary support services to facilitate the purchasing of easements for the project

Project: 101-0526-18, Wylie to Rockwall Pipeline Relocation

Funds: N/A

Strategic Objectives: 1.2 Successfully Deliver Capital Program

This will be an item on the March 22, 2023, Real Estate Committee agenda.

---

DRIVER(S) FOR THIS PROJECT

<input type="checkbox"/> Regulatory Compliance	<input type="checkbox"/> Asset Condition
<input checked="" type="checkbox"/> Capacity	<input type="checkbox"/> Redundancy/Resiliency
<input type="checkbox"/> Relocation or External Requests	<input checked="" type="checkbox"/> Operational Efficiency
<input type="checkbox"/> Safety	<input type="checkbox"/> Administrative
<input type="checkbox"/> Policy	<input type="checkbox"/> Other _____

PROJECT PURPOSE

- Texas Department of Transportation (TxDOT) is widening State Highway 205 in Rockwall.
- NTMWD relocated a portion of the existing 20-inch Wylie to Rockwall pipeline located along the highway to accommodate the expansion.
- The new pipe was upsized to 42 inches, forgoing the need for Phase I of a previously planned Lavon Delivery Point No. 2 to Rockwall-Cash pipeline.
- This project incorporated Phase II of Lavon Delivery Point No. 2 to Rockwall-Cash pipeline.
- Easement acquisition for Phase II is now necessary.
- Phase II easement acquisition funding was included within the previously approved right-of-way program budget.
- Permanent and Temporary easements are needed along the approximate route indicated on the accompanying map.

SUPPORT SERVICES

- Employ the firm of Saunders, Walsh & Beard, Attorneys & Counselors, to act as counsel on the acquisition of easements.
- Employ an appraiser to provide appropriate reports.
- Employ a title company to provide professional services related to certain property ownership issues.
- Employ contracted land agents or acquisition company(s) to assist in easement acquisition.
- Employ survey services to perform title survey for purchase and acquisition, and verify property lines and potential easement locations when necessary.

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FUNDING

FUND(S): No additional funding is requested at this time.

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# NORTH TEXAS MUNICIPAL WATER DISTRICT

## RESOLUTION NO. 23-14

### A RESOLUTION AUTHORIZING THE USE OF EMINENT DOMAIN TO ACQUIRE RIGHT-OF-WAY FOR THE WYLIE TO ROCKWALL PIPELINE RELOCATION, PROJECT NO. 101-0526-18, AND DELEGATING AUTHORITY TO INITIATE CONDEMNATION PROCEEDINGS TO THE NTMWD EXECUTIVE DIRECTOR

**WHEREAS**, the NTMWD Board of Directors previously authorized a Right-of-Way Acquisition Program for Wylie to Rockwall Pipeline Relocation, Project No. 101-0526-18 (Project) by Administrative Memorandum No. 5615 and Resolution No. 20-40; and,

**WHEREAS**, easements were acquired for the relocation of a portion of an existing 20-inch Wylie to Rockwall pipeline located along Highway 205 in Rockwall to accommodate Texas Department of Transportation's (TxDOT) widening of the roadway; and,

**WHEREAS**, the new pipe was upsized to 42 inches, forgoing the need for Phase I of a previously planned Lavon Delivery Point No. 2 to Rockwall-Cash pipeline; and,

**WHEREAS**, Phase II of Lavon Delivery Point No. 2 to Rockwall-Cash pipeline was incorporated into this project; and,

**WHEREAS**, the alignment for Phase II has been determined; and,

**WHEREAS**, it is necessary to proceed with the acquisition of easement for construction, operation and maintenance of the Project improvements; and

**WHEREAS**, it may be necessary to acquire the easements required for the Project through the use of eminent domain in the event negotiations are unsuccessful; and,

**WHEREAS**, it may be necessary to hire contracted land agents or acquisition companies, appraisers, and attorneys, in order to negotiate easements required for the Project; and,

**WHEREAS**, funding for Phase II easement acquisition was included within the previously approved right-of-way program budget.

### **NOW, THEREFORE, THE BOARD OF DIRECTORS IN A REGULAR MEETING DETERMINES AND RESOLVES THAT:**

1. There is a public need for and that the public welfare and convenience are to be served by the improvements associated with the Wylie to Rockwall Pipeline Relocation, Project No. 101-0526-18.
2. It is in the best interest and is necessary to acquire those permanent easements, temporary construction easements, and access easements necessary for the construction, of the Lavon Delivery Point No. 2 to Rockwall-Cash pipeline, Phase II, for the Project across the general route as generally described in Exhibit "A" attached hereto, and incorporated by reference herein, to provide the area required for prosecution of the work, and operation, maintenance, repair, and other such purposes as maybe required to provide for the continual and uninterrupted operation of the pipeline facilities.

3. The Executive Director is authorized to employ surveyors to assist in the acquisition process, as required.
4. The power to initiate eminent domain proceedings is hereby delegated to the Executive Director and she is hereby authorized to take all steps necessary to acquire the easements for the Project; including the hiring of negotiators, appraisers, Title Company, and attorneys.
5. The Executive Director is authorized to employ the firm of Saunders, Walsh & Beard, Attorneys and Counselors, to represent the NTMWD in these land transactions; including filing of Petitions for Condemnation on properties when the Executive Director determines the property cannot be secured through negotiations and after issuance of a final offer letter in accordance therewith.

**THIS RESOLUTION ADOPTED BY THE NTMWD BOARD OF DIRECTORS IN A REGULAR MEETING ON MARCH 23, 2023, IN THE ADMINISTRATIVE OFFICES OF THE NTMWD, WYLIE, TEXAS.**

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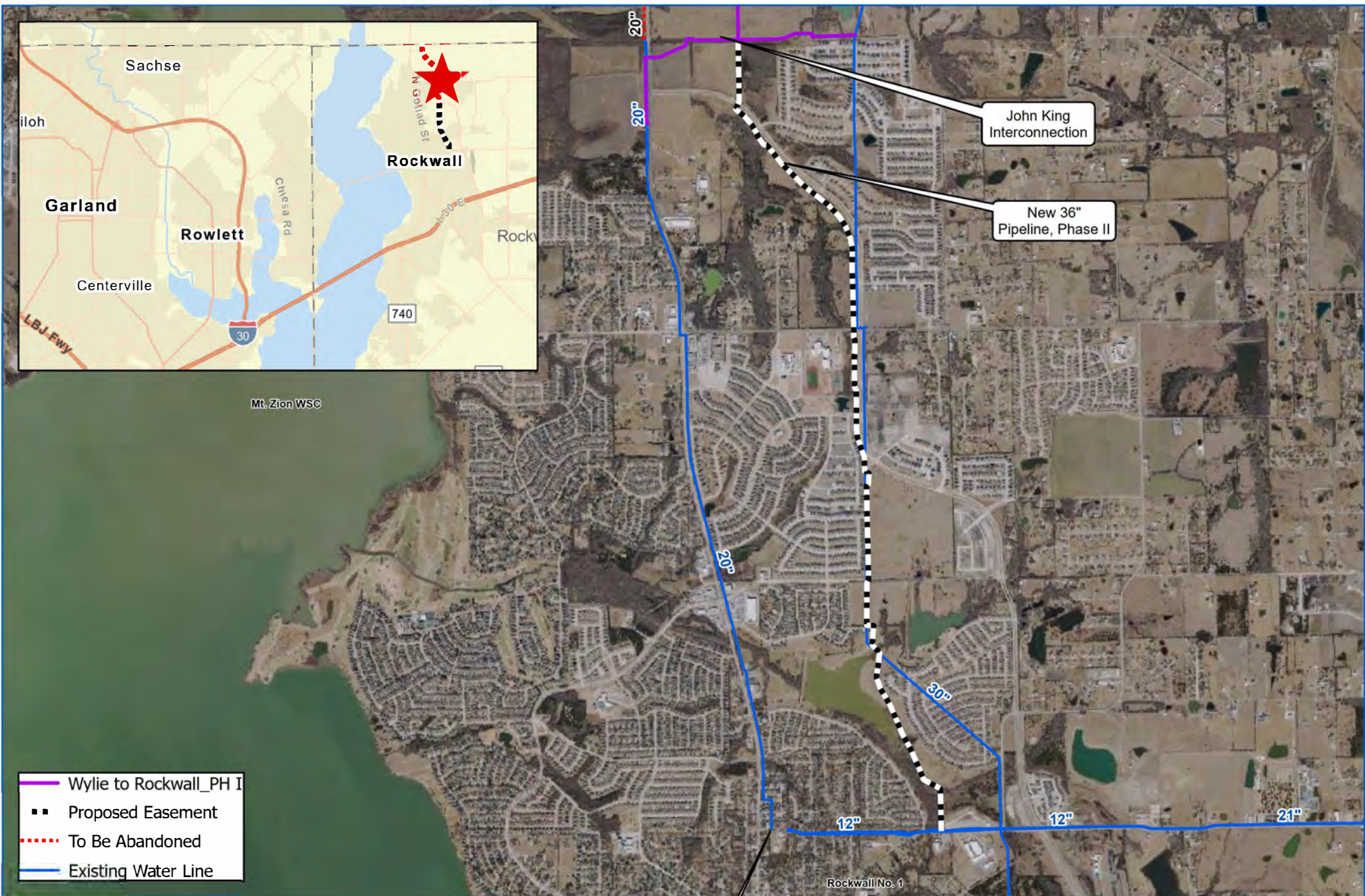
**GEORGE CRUMP, Secretary**

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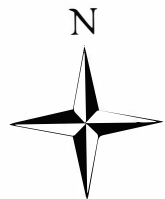
**JACK MAY, President**

**(SEAL)**





**Wylie to Rockwall Pipeline Relocation  
 Project No. 101-0526-18  
 Consent Agenda Item No. 23-03-07**



# NORTH TEXAS MUNICIPAL WATER DISTRICT

MARCH 2023

ADMINISTRATIVE MEMORANDUM NO. 5890

## REGIONAL WATER SYSTEM AMENDMENT TO MASTER RESOLUTION FOR EXTENDABLE COMMERCIAL PAPER BONDS

RESOLUTION NO. 23-08

---

### ACTION (*What*)

Authorize an amendment to the Master Resolution establishing the North Texas Municipal Water District Extendable Commercial Paper (ECP) Financing Program and issue Revenue ECP Bonds for the Regional Water System.

---

### PURPOSE (*Why*)

The ability for the District to issue bonds to refund the ECP Bonds in the event of a failed remarketing replaces the need for bank liquidity to support the ECP program.

---

### RECOMMENDATION

The Executive Director and NTMWD staff recommend the Board of Directors adopt Resolution No. 23-08, *“Amending Master Resolution Establishing the North Texas Municipal Water District Water System Extendable Commercial Paper Financing Program and Authorizing Water System Revenue Bonds – Extendable Commercial Paper Mode.”*

Contracting  
Party:

N/A

Scope:

Fund Improvements to the Regional Water System

Projects:

Multiple. Each Capital Improvement Plan Contract will be brought to the Board for consideration.

Amount:

Not to exceed \$700,000,000. Actual amount to be determined at date of pricing.

Strategic Objective: 2.3 Rigorous Financial Management

This was an item on the March 8, 2023, Finance Committee agenda.

---



DRIVER(S) FOR THIS PROJECT

<input type="checkbox"/> Regulatory Compliance	<input type="checkbox"/> Asset Condition
<input type="checkbox"/> Capacity	<input type="checkbox"/> Redundancy/Resiliency
<input type="checkbox"/> Relocation or External Requests	<input type="checkbox"/> Operational Efficiency
<input type="checkbox"/> Safety	<input checked="" type="checkbox"/> Administrative
<input type="checkbox"/> Policy	<input type="checkbox"/> Other _____

BACKGROUND

- ECP is a short term financial instrument (notes) with maturities ranging from 1 - 90 days and then remarketed every 1 - 90 days thereafter or until repaid.
- Notes can be exempt from federal taxation.
- Allows for contract appropriation without selling debt.
- Funds are only received in requested portions to pay invoices.
- Interest is only charged on funds received, not on the full size of the ECP Program amount.
- The District can issue notes and receive funds within 1 - 2 business days.
- ECP Programs are a rolling facility; NTMWD can issue new notes, "roll" the previously issued notes to a future date, or repay notes with funds on hand and /or bond proceeds.
- The liquidity is provided by the ability for the District to issue refunding bonds to pay off the ECP.
- When the ECP Program was initiated, it was noted that the amount "can be adjusted in the future".
- Due to inflation and greater than anticipated population growth, the ECP Program is being expanded to \$700,000,000.
- The actual amount of the bond sale will be determined on the date of pricing. The interest rate will be the market rate at the time of issuance.
- NTMWD bond counsel, McCall, Parkhurst, and Horton, LLP, has prepared the attached Resolution.
- Representatives from McCall, Parkhurst & Horton, LLP as well as Hilltop Securities, Inc., will be available at the Board meeting to review the documents and financing procedures.

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FUNDING

FUND(S): N/A

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# NORTH TEXAS MUNICIPAL WATER DISTRICT

## RESOLUTION NO. 23-08

### AMENDING MASTER RESOLUTION ESTABLISHING THE NORTH TEXAS MUNICIPAL WATER DISTRICT WATER SYSTEM EXTENDABLE COMMERCIAL PAPER FINANCING PROGRAM AND AUTHORIZING WATER SYSTEM REVENUE BONDS – EXTENDABLE COMMERCIAL PAPER MODE

WHEREAS, the North Texas Municipal Water District (the “District” or the “Issuer”) is a political subdivision of the State of Texas, and is a conservation and reclamation district created and functioning under Article 16, Section 59, of the Texas Constitution, pursuant to the general laws of the State of Texas, including Chapters 49 and 51, Texas Water Code, and pursuant to the provisions of Chapter 62, Acts of 1951, 52<sup>nd</sup> Legislature of Texas, Regular Session, as amended (collectively the “District Act”), and has outstanding long-term indebtedness that is rated by a nationally recognized rating agency for municipal securities in one of the four highest rating categories for long-term obligations; and

WHEREAS, the Board of Directors of the District (the “Board”) authorized the issuance and payment of up to \$250,000,000 aggregate principal amount of “North Texas Municipal Water District Water System Revenue Bond – Extendable Commercial Paper Mode [(Tax-Exempt) and/or (Taxable)]” (the “ECP Bonds”) issued pursuant to the “Master Resolution Establishing the North Texas Municipal Water District Water System Extendable Commercial Paper Financing Program and Authorizing Water Revenue Bonds – Extendable Commercial Paper Mode” adopted on May 27, 2021 (the “Master Resolution”), providing for the issuance of the ECP Bonds; and

WHEREAS, the Board now desires to amend the Master Resolution to authorize the issuance and payment of up to [\$700,000,000] aggregate principal amount of the ECP Bonds; and

WHEREAS, the meeting was open to the public and public notice of the time, place and purpose of said meeting was given pursuant to Chapter 551, Texas Government Code; NOW, THEREFORE,

THE BOARD OF DIRECTORS OF THE NORTH TEXAS MUNICIPAL WATER DISTRICT HEREBY CERTIFY AS FOLLOWS:

**Section 1. Recitals; Definitions.** The statements, findings, representations, and determinations set forth in the recitals to this Resolution are hereby incorporated into and made a part of this Resolution for all purposes. Capitalized terms not defined herein have the same meaning as assigned in the Master Resolution.

**Section 2. Amendment to Master Resolution.** Pursuant to Section 6.02(a)(v) of the Master Resolution, the Master Resolution will be amended as follows in this Section. The amendment shall take effect upon the approval of the Attorney General of the State of this Resolution, and other agreements and proceedings as may be required in connection therewith, as described in Section 4 hereof. Any and all of the terms and provisions of the Master Resolution shall, except as amended hereby, remain in full force and effect.

(a) The defined term “Authorized Amount” is hereby amended and restated in its entirety as follows:

“Authorized Amount” means [\$700,000,000].

**Section 3. Dealer Agreement; Issuing and Paying Agent Agreement.**

(a) A North Texas Municipal Water District Authorized Representative, acting for and on behalf of the Issuer, is authorized to approve, enter into and carry out amendments and supplements to the Dealer Agreement dated as of June 1, 2021 (the “Dealer Agreement”), between the Issuer and J.P. Morgan Securities LLC, that are necessary or acceptable in connection with the amendment of the Master Resolution.

(b) A North Texas Municipal Water District Authorized Representative, acting for and on behalf of the Issuer, is authorized to approve, enter into and carry out amendments and supplements to the Issuing and Paying Agent Agreement dated as of June 1, 2021 (the “Issuing and Paying Agent Agreement”), between the Issuer and U.S. Bank National Association, as Issuing and Paying Agent, that are necessary or acceptable in connection with the amendment of the Master Resolution.

**Section 4. Approval of Attorney General and Fees.** The amendment to the Master Resolution herein authorized shall not become effective until the Attorney General of the State shall have approved this Resolution, and other agreements and proceedings as may be required in connection therewith, all as is required by the Acts. The Issuer hereby authorizes and directs payment, from legally available funds of the Issuer, of the nonrefundable examination fee of the Attorney General of the State of Texas required by Section 1202.004, Texas Government Code, as amended.

**Section 5. Further Procedures.** The President and Secretary, respectively, of the Board of Directors of the Issuer, the Executive Director of the Issuer, the North Texas Municipal Water District Authorized Representative, and all other officers, employees and agents of the Issuer are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to effectuate the purposes of this Resolution, the Master Resolution, the Dealer Agreement, and the Issuing and Paying Agent Agreement. In addition, the President and Secretary, the Executive Director, the North Texas Municipal Water District Authorized Representative, and Bond Counsel are hereby authorized to approve, subsequent to the date of adoption of this Resolution, any amendments to the above named documents, and any technical amendments to this Resolution as may be required by a Rating Agency as a condition to the granting or maintaining of a rating on the ECP Bonds acceptable to a North Texas Municipal Water District Authorized Representative, or as may be required by the Office of the Attorney General of the State in connection with the approval of this Resolution or to correct any ambiguity or mistake or properly or more completely document the transactions contemplated and approved by this Resolution.

**THIS RESOLUTION ADOPTED BY THE NTMWD BOARD OF DIRECTORS IN A REGULAR MEETING ON MARCH 23, 2023, IN THE ADMINISTRATIVE OFFICES OF THE NTMWD, WYLIE, TEXAS.**

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**GEORGE CRUMP, Secretary**

---

**JACK MAY, President**

**(SEAL)**

# NORTH TEXAS MUNICIPAL WATER DISTRICT

MARCH 2023

ADMINISTRATIVE MEMORANDUM NO. 5891

## REGIONAL WATER SYSTEM ISSUANCE OF REFUNDING BONDS FOR EXTENDABLE COMMERCIAL PAPER BONDS

RESOLUTION NO. 23-09

---

### ACTION (*What*)

Authorize the issuance of Refunding Bonds for the Regional Water System Extendable Commercial Paper Bonds (ECP).

---

### PURPOSE (*Why*)

This action enables the District to issue bonds to refund the ECP Bonds in the event of a failed remarketing replaces the need for bank liquidity to support the ECP program.

---

### RECOMMENDATION

The Executive Director and NTMWD staff recommend the Board of Directors adopt Resolution No. 23-09, A *“Resolution authorizing the Issuance, Sale, and Delivery of North Texas Municipal Water District, Water System Revenue ECP Bonds, Pledging Revenues for the Payment of the Bonds, Approving an Official Statement, and Authorizing Other Instruments and Procedures Relating Thereto.”*

Contracting  
Party:

N/A

Scope:

Fund Improvements to the Regional Water System

Projects:

Multiple. Each Capital Improvement Plan Contract will be brought to the Board for consideration.

Amount:

Not to exceed \$700,000,000. Actual amount to be determined at date of pricing.

Strategic Objective: 2.3 Rigorous Financial Management

This was an item on the March 8, 2023, Finance Committee agenda.

---

DRIVER(S) FOR THIS PROJECT

<input type="checkbox"/> Regulatory Compliance	<input type="checkbox"/> Asset Condition
<input type="checkbox"/> Capacity	<input type="checkbox"/> Redundancy/Resiliency
<input type="checkbox"/> Relocation or External Requests	<input type="checkbox"/> Operational Efficiency
<input type="checkbox"/> Safety	<input checked="" type="checkbox"/> Administrative
<input type="checkbox"/> Policy	<input type="checkbox"/> Other _____

BACKGROUND

- The limit of \$700,000,000 was determined based on the upcoming Capital Improvement Plan and may be adjusted in the future.
- The bonds to refund the ECP will not be sold until necessary and only in the event of a failed remarketing. The interest rate would be the market rate at the time of issuance.
- The actual amount of the bond sale will be determined on the date of pricing.
- NTMWD bond counsel, McCall, Parkhurst, and Horton, LLP, has prepared the attached Resolution.
- Representatives from McCall, Parkhurst & Horton, LLP as well as Hilltop Securities, Inc., will be available at the Board meeting to review the documents and financing procedures.

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FUNDING

FUND(S): N/A

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RESOLUTION NO. 23-09

RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF NORTH TEXAS MUNICIPAL WATER DISTRICT, WATER SYSTEM REVENUE ECP REFUNDING BONDS, PLEDGING REVENUES FOR THE PAYMENT OF THE BONDS, APPROVING AN OFFICIAL STATEMENT, AND AUTHORIZING OTHER INSTRUMENTS AND PROCEDURES RELATING THERETO

THE STATE OF TEXAS §  
COUNTIES OF COLLIN, DALLAS, KAUFMAN, AND ROCKWALL §  
NORTH TEXAS MUNICIPAL WATER DISTRICT §

WHEREAS, North Texas Municipal Water District (the "Issuer" or the "District") is a political subdivision of the State of Texas, being a conservation and reclamation district created and functioning under Article 16, Section 59 of the Texas Constitution, pursuant to the general laws of the State of Texas, including Chapters 49 and 51, Texas Water Code, and pursuant to the provisions of Chapter 62, Acts of 1951, 52nd Legislature of Texas, Regular Session, as amended (collectively the "District Act"); and

WHEREAS, among other bonds, pursuant to a Master Resolution Establishing the North Texas Municipal Water District Water System Extendable Commercial Paper Financing Program And Authorizing Water System Revenue Bonds - Extendable Commercial Paper Mode, adopted on May 27, 2021 (the "Master Resolution"), and a Resolution amending the Master Resolution adopted on March 23, 2023, the Issuer has previously authorized to be outstanding the following described junior lien bonds:

North Texas Municipal Water District Water System Revenue Bond - Extendable Commercial Paper Mode (the "*ECP Bonds*");

WHEREAS, the Issuer now desires to authorize refunding bonds to refund all or part of the of the outstanding ECP Bonds (the "Refundable Bonds"), and those Refundable Bonds designated by the Authorized Officer in the Approval Certificate, each as defined herein, the "Refunded Bonds"; and

WHEREAS, the issuance of the Bonds (hereinafter defined) and the application of the proceeds of the Bonds to refund the Refunded Bonds, which consist of bonds in an extendable commercial paper mode, makes it impracticable to determine the maximum amount by which the aggregate amount of payments to be made under the Bonds exceeds the aggregate amount of payments that would have been made under the terms of the Refunded Bonds for purposes of Section 1207.008(a)(2), Texas Government Code; and

WHEREAS, the Issuer will authorize the Bonds pursuant to the District Act and Chapters 1207, and 1371, Texas Government Code, as amended; and

WHEREAS, the meeting was open to the public and public notice of the time, place and purpose of said meeting was given pursuant to Chapter 551, Texas Government Code.

THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF NORTH TEXAS MUNICIPAL WATER DISTRICT, THAT:

Section 1. AMOUNT AND PURPOSE OF THE BONDS. Bonds of the Issuer are hereby authorized to be issued for the purpose of obtaining funds (i) to refund a portion of the Issuer's outstanding Refundable Bonds, and (ii) to pay costs of issuance of such bonds.

Section 2. DESIGNATION OF THE BONDS. Each bond issued pursuant to this Resolution shall be designated: "NORTH TEXAS MUNICIPAL WATER DISTRICT, WATER SYSTEM REVENUE ECP REFUNDING BOND." Initially there shall be issued, sold, and delivered hereunder a single fully registered bond, without interest coupons, payable in installments of principal (the "Initial Bond"), but the Initial Bond may be assigned and transferred and/or converted into and exchanged for a like aggregate amount of fully registered bonds, without interest coupons, having serial maturities, and in the denomination or denominations of \$5,000 or any integral multiple of \$5,000, all in the manner hereinafter provided. The term "Bonds" as used in this Resolution shall mean and include collectively the Initial Bond and all substitute bonds exchanged therefor, as well as all other substitute bonds and replacement bonds issued pursuant hereto, and the term "Bond" shall mean any of the Bonds.

Section 3. INITIAL DATE, DENOMINATION, NUMBER, MATURITIES, INITIAL REGISTERED OWNER, AND CHARACTERISTICS OF THE INITIAL BOND. (a) As authorized by Chapters 1207, and 1371, Texas Government Code, as amended, the Executive Director, Deputy Director - Administrative Services and Assistant Deputy - Finance of the Issuer are each hereby designated as an "Authorized Officer" of the Issuer, and each is hereby authorized, appointed, and designated as the officer or employee of the Issuer authorized to act on behalf of the Issuer, which actions shall be evidenced by a certificate executed by such Authorized Officer (the "Approval Certificate") for a period not to extend beyond March 22, 2024, in selling and delivering the Bonds, determining which of the Refundable Bonds shall be refunded and constitute "Refunded Bonds" in this Resolution and carrying out the other procedures specified in this Resolution, including the use of a book-entry only system with respect to the Bonds and the execution of an appropriate letter of representations if deemed appropriate, the determining and fixing of the date and the date of delivery of the Bonds, any additional or different designation or title by which the Bond shall be known (including, if the Bonds are issued on a taxable basis, inclusion of an appropriate designation as such), the price at which the Bonds will be sold (but in no event less than 95% of the principal amount of the Bonds), the principal amount (not exceeding \$700,000,000) of the Bonds, the amount of each maturity of principal thereof, the due date of each such maturity (not exceeding thirty years from the date of the Bonds), the rate of interest, to be borne by each such maturity (but in no event to result in the net effective interest rate on the Bonds exceeding 10% per annum), the initial interest payment date, the date or dates of any optional redemption thereof, any mandatory sinking fund redemption provisions, and approving modifications to this Resolution and executing such instruments, documents and agreements as may be necessary with respect thereto, and all other matters relating to the issuance, sale and delivery of the Bonds and the refunding of the

Refunded Bonds. The Issuer acknowledges that the refunding accomplished through the issuance of the Bonds is undertaken for debt restructuring purposes.

(b) The Initial Bond is hereby authorized to be issued, sold, and delivered hereunder as a single fully registered Bond, without interest coupons, in the denomination and aggregate principal amount set forth in the Approval Certificate (not exceeding \$700,000,000), numbered TR-1, payable in annual installments of principal to the initial registered owner thereof or to the registered assignee or assignees of said Bond or any portion or portions thereof (in each case, the "registered owner"), with the annual installments of principal of the Initial Bond to be payable on the dates, respectively, and in the principal amounts, respectively, and may and shall be prepaid or redeemed prior to the respective scheduled due dates of installments of principal thereof, all as set forth in the Approval Certificate.

(c) The Initial Bond (i) may, and if so provided in the Approval Certificate, shall be prepaid or paid on the respective scheduled due dates of installments of principal thereof, (ii) may be assigned and transferred, (iii) may be converted and exchanged for other bonds, (iv) shall have the characteristics, and (v) shall be signed and sealed, and the principal of and interest on the Initial Bond shall be payable, all as provided, and in the manner required or indicated, in the FORM OF INITIAL BOND set forth in this Resolution.

Section 4. INTEREST. The unpaid principal balance of the Initial Bond shall bear interest from the date of delivery (the "Issue Date") of the Initial Bond to the Underwriters (as defined in Section 31 hereof) to the respective scheduled due dates, or to the respective dates of prepayment or redemption, of the installments of principal of the Initial Bond, and such interest shall be payable in the manner, at the rates, and on the dates, respectively, as provided in the Approval Certificate and the FORM OF INITIAL BOND set forth in this Resolution.

Section 5. FORM OF INITIAL BOND. The form of the Initial Bond, including the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas to be endorsed on the Initial Bond, shall be substantially as follows, with blank or bracketed information to be completed or deleted based upon the Approval Certificate:

FORM OF INITIAL BOND

NO. TR-1

\$ \_\_\_\_\_ \*

UNITED STATES OF AMERICA  
STATE OF TEXAS  
NORTH TEXAS MUNICIPAL WATER DISTRICT,  
WATER SYSTEM REVENUE ECP REFUNDING BOND [(TAXABLE)]\*\*

NORTH TEXAS MUNICIPAL WATER DISTRICT (the "Issuer"), being a political subdivision of the State of Texas, hereby promises to pay to: \_\_\_\_\_\*  
or to the registered assignee or assignees of this Bond or any portion or portions hereof (in each case, the "registered owner") the aggregate principal amount of \_\_\_\_\_

\* From Approval Certificate

\*\* Include only if the Bonds are issued on a taxable basis.



\_\_\_\_\_ \* in annual installments of principal due and payable on \_\_\_\_\_ in each of the years, and in the respective principal amounts, as set forth in the following schedule:

<u>Year*</u>	<u>Principal Amount*</u>	<u>Year*</u>	<u>Principal Amount*</u>
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and to pay interest, calculated on the basis of a 360-day year composed of twelve 30-day months, from the date of initial delivery of this Bond to the Underwriters (as defined in the Bond Resolution (hereinafter defined)), on the balance of each such installment of principal, respectively, from time to time remaining unpaid, at the rates as follows:

<u>Year*</u>	<u>Rate*</u>	<u>Year*</u>	<u>Rate*</u>
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with said interest being payable semiannually on each \_\_\_\_\_ and \_\_\_\_\_, commencing \_\_\_\_\_\*, while this Bond or any portion hereof is outstanding and unpaid.

THE INSTALLMENTS OF PRINCIPAL OF AND THE INTEREST ON this Bond are payable in lawful money of the United States of America, without exchange or collection charges. The installments of principal and the interest on this Bond are payable to the registered owner hereof through the services of THE BANK OF NEW YORK MELLON TRUST COMPANY, NATIONAL ASSOCIATION, which is the "Paying Agent/Registrar" for this Bond. Payment of all principal of and interest on this Bond shall be made by the Paying Agent/Registrar to the registered owner hereof on each principal and/or interest payment date by check, dated as of such date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the Issuer required by the resolution authorizing the issuance of this Bond (the "Bond Resolution") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such principal and/or interest payment date, to the registered owner hereof, at the address of the registered owner, as it appeared at the close of business on the 15th day of the month next preceding each such date (the "Record Date") on the Registration Books kept by the Paying Agent/ Registrar, as hereinafter

\* From Approval Certificate

described. The Issuer covenants with the registered owner of this Bond that on or before each principal and/or interest payment date for this Bond it will make available to the Paying Agent/Registrar, from the "Interest and Redemption Fund" created by the Bond Resolution, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on this Bond, when due.

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

THIS BOND has been authorized in accordance with the Constitution and laws of the State of Texas in the principal amount of \$\_\_\_\_\_\*, for the purpose of obtaining funds (i) to refund a portion of the Issuer's outstanding "North Texas Municipal Water District Water System Revenue Bonds - Extendable Commercial Paper Mode, " and (ii) to pay costs of issuance of this Bond.

ON \_\_\_\_\_ 1, \_\_\_\_\*, or any date thereafter, the unpaid installments of principal of this Bond may be prepaid or redeemed prior to their scheduled due dates, at the option of the Issuer, with funds derived from any available source, as a whole, or in part, and, if in part, the Issuer shall select and designate the installment or installments of principal, and the amount that is to be redeemed, and if less than a whole principal installment is to be called, the Issuer shall direct the Paying Agent/Registrar to call by lot or other customary method of random selection the portion of the principal installment to be redeemed (only in an integral multiple of \$5,000), at the redemption price of the principal amount to be prepaid or redeemed, plus accrued interest to the date fixed for prepayment or redemption.

\*\*[THE PRINCIPAL INSTALLMENTS OF THIS BOND maturing on \_\_\_\_\_, \_\_\_\_\_ and \_\_\_\_\_, \_\_\_\_\_ are subject to mandatory prepayment or redemption prior to maturity in part, at a price equal to the principal amount of this Bond or portions hereof to be prepaid or redeemed plus accrued interest to the date of prepayment or redemption, on \_\_\_\_\_ in the each of years and in the amounts as follows:

Principal Installment due on \_\_\_\_\_, \_\_\_\_\_

Years

Amounts

\* From Approval Certificate

\*\* From Approval Certificate, if applicable.

Principal Installment due on \_\_\_\_\_, \_\_\_\_

Years

Amounts

The amount of any principal installment of this Bond required to be prepaid or redeemed pursuant to the operation of such mandatory prepayment or redemption provisions shall be reduced, at the option of the Issuer, by the principal amount of such principal installment of this Bond which, at least 50 days prior to the mandatory prepayment or redemption date (1) shall have been acquired by the Issuer at a price not exceeding such principal amount plus accrued interest to the date of purchase thereof, (2) shall have been purchased by the Paying Agent/Registrar at the request of the Issuer at a price not exceeding such principal amount plus accrued interest to the date of purchase, or (3) shall have been prepaid or redeemed pursuant to the optional prepayment or redemption provisions and not theretofore credited against a mandatory prepayment or redemption requirement.]

AT LEAST 30 days prior to the date fixed for any such prepayment or redemption a written notice of such prepayment or redemption shall be mailed by the Paying Agent/Registrar to the registered owner hereof. By the date fixed for any such prepayment or redemption due provision shall be made by the Issuer with the Paying Agent/Registrar for the payment of the required prepayment or redemption price for this Bond or the portion hereof which is to be so prepaid or redeemed, plus accrued interest thereon to the date fixed for prepayment or redemption. If such written notice of prepayment or redemption is given, and if due provision for such payment is made, all as provided above, this Bond, or the portion thereof which is to be so prepaid or redeemed, thereby automatically shall be treated as prepaid or redeemed prior to its scheduled due date, and shall not bear interest after the date fixed for its prepayment or redemption, and shall not be regarded as being outstanding except for the right of the registered owner to receive the prepayment or redemption price plus accrued interest to the date fixed for prepayment or redemption from the Paying Agent/Registrar out of the funds provided for such payment. The Paying Agent/Registrar shall record in the Registration Books all such prepayments or redemptions of principal of this Bond or any portion hereof.

THIS BOND, to the extent of the unpaid principal balance hereof, or any unpaid portion hereof in any integral multiple of \$5,000, may be assigned by the initial registered owner hereof and shall be transferred only in the Registration Books of the Issuer kept by the Paying Agent/Registrar acting in the capacity of registrar for the Bonds, upon the terms and conditions set forth in the Bond Resolution. Among other requirements for such transfer, this Bond must be presented and surrendered to the Paying Agent/ Registrar for cancellation, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment by the initial registered owner of this Bond, or any portion or portions hereof in any integral multiple of \$5,000, to the assignee or assignees in whose name or names this Bond or any such portion or portions hereof is or are to be transferred and registered. Any instrument or instruments of assignment satisfactory to the Paying Agent/Registrar may be used to evidence the assignment of this Bond or any such portion or portions hereof by the initial registered owner hereof. A new bond or bonds payable to such assignee or assignees (which then will be the new registered owner or owners of such new Bond or Bonds) or to the initial registered owner as to any portion of

this Bond which is not being assigned and transferred by the initial registered owner, shall be delivered by the Paying Agent/Registrar in conversion of and exchange for this Bond or any portion or portions hereof, but solely in the form and manner as provided in the next paragraph hereof for the conversion and exchange of this Bond or any portion hereof. The registered owner of this Bond shall be deemed and treated by the Issuer and the Paying Agent/Registrar as the absolute owner hereof for all purposes, including payment and discharge of liability upon this Bond to the extent of such payment, and the Issuer and the Paying Agent/Registrar shall not be affected by any notice to the contrary.

AS PROVIDED above and in the Bond Resolution, this Bond, to the extent of the unpaid principal balance hereof, may be converted into and exchanged for a like aggregate principal amount of fully registered bonds, without interest coupons, payable to the assignee or assignees duly designated in writing by the initial registered owner hereof, or to the initial registered owner as to any portion of this Bond which is not being assigned and transferred by the initial registered owner, in any denomination or denominations in any integral multiple of \$5,000 (subject to the requirement hereinafter stated that each substitute bond issued in exchange for any portion of this Bond shall have a single stated principal maturity date), upon surrender of this Bond to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Bond Resolution. If this Bond or any portion hereof is assigned and transferred or converted each bond issued in exchange for any portion hereof shall have a single stated principal maturity date corresponding to the due date of the installment of principal of this Bond or portion hereof for which the substitute bond is being exchanged, and shall bear interest at the rate applicable to and borne by such installment of principal or portion thereof. Such bonds, respectively, shall be subject to redemption prior to maturity on the same dates and for the same prices as the corresponding installment of principal of this Bond or portion hereof for which they are being exchanged. No such bond shall be payable in installments, but shall have only one stated principal maturity date. AS PROVIDED IN THE BOND RESOLUTION, THIS BOND IN ITS PRESENT FORM MAY BE ASSIGNED AND TRANSFERRED OR CONVERTED ONCE ONLY, and to one or more assignees, but the bonds issued and delivered in exchange for this Bond or any portion hereof may be assigned and transferred, and converted, subsequently, as provided in the Bond Resolution. The Issuer shall pay the Paying Agent/Registrar's standard or customary fees and charges for transferring, converting, and exchanging this Bond or any portion thereof, but the one requesting such transfer, conversion, and exchange shall pay any taxes or governmental charges required to be paid with respect thereto. The Paying Agent/Registrar shall not be required to make any such assignment, 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 portion thereof called for prepayment or redemption prior to maturity, within 45 days prior to its prepayment or redemption date.

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

IT IS HEREBY certified, recited, and covenanted that this Bond has been duly and validly authorized, issued, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this

Bond have been performed, existed, and been done in accordance with law; that this Bond is a special obligation of the Issuer which, together with other outstanding bonds of the Issuer, and the interest thereon, are secured by and payable equally and ratably on a parity from a first lien on and pledge of the "Pledged Revenues" as defined in the Bond Resolution, which include the "Net Revenues of the District's Water System", as defined in the Bond Resolution, including specifically revenues derived pursuant to existing water supply contracts between the Issuer and the Cities of Allen, Farmersville, Forney, Frisco, Garland, McKinney, Mesquite, Plano, Princeton, Richardson, Rockwall, Royse City, and Wylie, Texas, which cities are currently the Member Cities constituting the territory and boundaries of the Issuer, water supply contracts relating to the District's Water System with any other cities which hereafter may become Member Cities, and water supply contracts with other cities and customers in connection with the District's Water System.

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

THE ISSUER also has reserved the right to amend the Bond Resolution, with the approval of the owners of 51% of the outstanding bonds secured by a first lien on the Pledged Revenues, subject to the restrictions as stated in the Bond Resolution.

THE REGISTERED OWNER hereof shall never have the right to demand payment of this Bond or the interest hereon out of any funds raised or to be raised by taxation or from any source whatsoever other than specified in the Bond Resolution.

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

IN WITNESS WHEREOF, the Issuer has caused this Bond to be signed with the manual or facsimile signature of the President of the Board of Directors of the Issuer and countersigned with the manual or facsimile signature of the Secretary of the Board of Directors of the Issuer, has caused the official seal of the Issuer to be duly impressed, or placed in facsimile, on this Bond and has caused this Bond to be dated as of \_\_\_\_\_\*, \_\_\_\_\_.

\_\_\_\_\_  
XXXXXXXX  
Secretary, Board of Directors

\_\_\_\_\_  
XXXXXXXX  
President, Board of Directors

(DISTRICT SEAL)

\* From Approval Certificate.

FORM OF REGISTRATION CERTIFICATE OF THE  
COMPTROLLER OF PUBLIC ACCOUNTS:

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO.

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

Witness my signature and seal this

\_\_\_\_\_  
Comptroller of Public Accounts of the State of Texas

(COMPTROLLER'S SEAL)

Section 6. CHARACTERISTICS OF THE BONDS. (a) Registration, Transfer, Conversion and Exchange; Authentication. (a) The Issuer shall keep or cause to be kept at the principal corporate trust office of THE BANK OF NEW YORK MELLON TRUST COMPANY, NATIONAL ASSOCIATION, Dallas, Texas (the "Paying Agent/Registrar") books or records for the registration of the transfer, conversion and exchange of the Bonds (the "Registration Books"), and the Issuer hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such registrations of transfers, conversions and exchanges under such reasonable regulations as the Issuer and Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such registrations, transfers, conversions and exchanges as herein provided. The Paying Agent/Registrar shall obtain and record in the Registration Books the address of the registered owner of each Bond to which payments with respect to the Bonds shall be mailed, as herein provided; but it shall be the duty of each registered owner to notify the Paying Agent/Registrar in writing of the address to which payments shall be mailed, and such interest payments shall not be mailed unless such notice has been given. To the extent possible and under reasonable circumstances, all transfers of Bonds shall be made within three business days after request and presentation thereof. The Issuer shall have the right to inspect the Registration Books during regular business hours of the Paying Agent/Registrar, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity. The Paying Agent/Registrar's standard or customary fees and charges for making such registration, transfer, conversion, exchange and delivery of a substitute Bond or Bonds shall be paid as provided in the FORM OF SUBSTITUTE BOND set forth in this Resolution. Registration of assignments, transfers, conversions and exchanges of Bonds shall be made in the manner provided and with the effect stated in the FORM OF SUBSTITUTE BOND set forth in this Resolution. Each substitute Bond shall bear a letter and/or number to distinguish it from each other Bond.

An authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Bond, date and manually sign the Paying Agent/Registrar's Authentication Certificate, and no such Bond shall be deemed to be issued or outstanding unless such Certificate is so executed. The Paying Agent/Registrar promptly shall cancel all paid Bonds surrendered for conversion and

exchange. No additional ordinances, orders, or resolutions need be passed or adopted by the governing body of the Issuer or any other body or person so as to accomplish the foregoing conversion and exchange of any Bond or portion thereof, and the Paying Agent/Registrar shall provide for the printing, execution, and delivery of the substitute Bonds in the manner prescribed herein, and said Bonds shall be of type composition printed on paper of customary weight and strength. Pursuant to Subchapter D, Chapter 1201, Texas Government Code, the duty of conversion and exchange of Bonds as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of said Certificate, the converted and exchanged Bond shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Bonds which initially were issued and delivered pursuant to this Resolution, approved by the Attorney General, and registered by the Comptroller of Public Accounts.

(b) Payment of Bonds and Interest. The Issuer hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of and interest on the Bonds, all as provided in this Resolution. The Paying Agent/Registrar shall keep proper records of all payments made by the Issuer and the Paying Agent/Registrar with respect to the Bonds.

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

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

the Issuer. Upon any change in the Paying Agent/Registrar, the Issuer promptly will cause a written notice thereof to be sent by the new Paying Agent/Registrar to each registered owner of the Bonds, by United States mail, first-class postage prepaid, which notice also shall give the address of the new Paying Agent/Registrar. By accepting the position and performing as such, each Paying Agent/Registrar shall be deemed to have agreed to the provisions of this Resolution, and a certified copy of this Resolution shall be delivered to each Paying Agent/Registrar.

(e) Reporting Requirements of Paying Agent/Registrar. To the extent required by the Code and the regulations promulgated and pertaining thereto, it shall be the duty of the Paying Agent/Registrar, on behalf of the Issuer, to report to the owners of the Bonds and the Internal Revenue Service (i) the amount of "reportable payments," if any, subject to backup withholding during each year and the amount of tax withheld, if any, with respect to payments of the Bonds and (ii) the amount of interest or amount treated as interest on the Bonds and required to be included in gross income of the owner thereof.

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

With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the Issuer and the Paying Agent/Registrar shall have no responsibility or obligation to any DTC Participant or to any person on behalf of whom such a DTC Participant holds an interest on the Bonds. Without limiting the immediately preceding sentence, the Issuer and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other person, other than a Bondholder, as shown on the Registration Books, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any other person, other than a Bondholder, as shown in the Registration Books of any amount with respect to principal of, premium, if any, or interest on, as the case may be, the Bonds. Notwithstanding any other provision of this Resolution to the contrary, the Issuer and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Bond is registered in the Registration Books as the absolute owner of such Bond for the purpose of payment of principal, premium, if any, and interest, as the case may be, with respect to such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of and interest on the Bonds only to or upon the order of the respective owners, as shown in the Registration Books as provided in this Resolution, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Issuer's obligations with respect to payment of principal of, premium, if any, and interest on, or as the case may be, the Bonds to the extent of the sum or sums so paid. No person other than an owner, as shown in the Registration Books, shall receive a Bond certificate evidencing the obligation of the Issuer to make payments of principal, premium, if any, and interest, as the case may be, pursuant to this Resolution. Upon delivery by DTC to the



Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Resolution with respect to interest checks being mailed to the registered owner at the close of business on the Record Date, the word "Cede & Co." in this Resolution shall refer to such new nominee of DTC.

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

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

Section 7. **FORM OF SUBSTITUTE BONDS.** The form of all Bonds issued in conversion and exchange or replacement of any other Bond or portion thereof, including the form of Paying Agent/Registrar's Certificate to be printed on each of such Bonds, and the Form of Assignment to be printed on each of the Bonds, shall be, respectively, substantially as follows, with blank or bracketed information to be completed or deleted based upon the Approval Certificate, and with such appropriate variations, omissions, or insertions as are permitted or required by this Resolution.

#### FORM OF SUBSTITUTE BOND

THE FOLLOWING TWO BRACKETED PARAGRAPHS ARE TO BE DELETED IF BOND IS NOT BOOK ENTRY ONLY:

[Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC") to the Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

As provided in the Indenture referred to herein, until the termination of the system of book-entry-only transfers through DTC, and notwithstanding any other provision of the Indenture to the contrary, this Bond may be transferred, in whole but not in part, only to a nominee of DTC, or by a nominee of DTC to DTC or a nominee of DTC, or by DTC or a nominee of DTC to any successor securities depository or any nominee thereof.]

NO. \_\_\_\_\_ PRINCIPAL AMOUNT  
\$ \_\_\_\_\_

UNITED STATES OF AMERICA  
STATE OF TEXAS  
NORTH TEXAS MUNICIPAL WATER DISTRICT,  
WATER SYSTEM REVENUE ECP REFUNDING BOND [(TAXABLE)\*]

INTEREST <u>RATE</u>	MATURITY <u>DATE</u>	ISSUE DATE	CUSIP <u>NO.</u>
%		_____, ____, **	

ON THE MATURITY DATE specified above NORTH TEXAS MUNICIPAL WATER DISTRICT (the "Issuer"), being a political subdivision of the State of Texas, hereby promises to pay to CEDE & CO. or to the registered assignee hereof (either being hereinafter called the "registered owner") the principal amount of \_\_\_\_\_ DOLLARS and to pay interest thereon, calculated on the basis of a 360-day year composed of twelve 30-day months, from the Issue Date specified above, to the Maturity Date specified above, or the date of redemption prior to maturity, at the interest rate per annum specified above; with interest being payable semiannually on each \_\_\_\_\_\*\*\* and \_\_\_\_\_\*\*\*, commencing \_\_\_\_\_\*\*\*, except that if the date of authentication of this Bond is later than the first Record Date (hereinafter defined), such principal amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date (hereinafter defined) but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date.

THE PRINCIPAL OF AND INTEREST ON this Bond are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Bond shall be paid to the registered owner hereof upon presentation and surrender of this Bond at maturity or upon the date fixed for its redemption prior to maturity, at the principal corporate trust office of THE BANK OF NEW YORK MELLON COMPANY, NATIONAL ASSOCIATION, Dallas, Texas, which is the "Paying Agent/Registrar" for this Bond. The payment of interest on this Bond shall be made by the Paying Agent/Registrar to the registered owner hereof on each interest payment date by check dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the Issuer required by the resolution authorizing the issuance of the Bonds (the "Bond Resolution") to be on deposit with the Paying Agent/Registrar for such purpose

\* Include only if the Bonds are issued on a taxable basis.

\*\* Date of initial delivery to the Underwriters (as defined in Section 31 hereof).

as hereinafter provided; and such check shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the registered owner hereof, at the address of the registered owner, as it appeared at the close of business on the 15th day of the month next preceding each such date (the "Record Date") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. However, notwithstanding the foregoing provisions, (1) the payment of such interest may be made by any other method acceptable to the Paying Agent/Registrar and requested by, and at the risk and expense of, the registered owner hereof and (2) upon the written request, and at the risk and expense of, the registered owner of any Bond of this Series in the amount of \$1,000,000 or more, delivered to the Paying Agent/Registrar not less than 15 days prior to any interest payment date, payment of the interest due on such Bond on such date shall be paid on such date by wire transfer to any designated account in the United States of America which has available to it the wire service facilities of the Federal Reserve Bank. Any accrued interest due upon the redemption of this Bond prior to maturity as provided herein shall be paid to the registered owner at the principal corporate trust office of the Paying Agent/Registrar upon presentation and surrender of this Bond for redemption and payment at the principal corporate trust office of the Paying Agent/Registrar. The Issuer covenants with the registered owner of this Bond that on or before each principal payment date, interest payment date, and accrued interest payment date for this Bond it will make available to the Paying Agent/Registrar, from the "Interest and Redemption Fund" created by the Bond Resolution, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Bonds, when due.

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

THIS BOND is one of an issue of Bonds dated as of \_\_\_\_\_\*, \_\_\_\_\_, authorized in accordance with the Constitution and laws of the State of Texas in the principal amount of \$\_\_\_\_\_\*\* for the purpose of obtaining funds (i) to refund a portion of the Issuer's outstanding "North Texas Municipal Water District Water System Revenue Bonds - Extendable Commercial Paper Mode, (Tax-Exempt)" and "North Texas Municipal Water District Water System Revenue Bonds - Extendable Commercial Paper Mode, (Taxable)" and (ii) to pay costs of issuance of the Bonds.

ON \_\_\_\_\_, \_\_\_\_\_,\* or any date thereafter, the outstanding Bonds may be redeemed prior to their scheduled maturities, at the option of the Issuer, with funds derived from any available source, as a whole, or in part, and, if in part, the Issuer shall select and designate the maturity, or maturities, and the amount that is to be redeemed, and if less than a whole maturity is to be redeemed, the Issuer shall direct the Paying Agent/Registrar to call by lot or other customary method of random selection the Bonds or portions thereof to be redeemed (provided that the Bonds to be

\* From Approval Certificate.

\*\* From Approval Certificate, if applicable.

redeemed only in integral multiples of \$5,000), at the redemption price of the principal amount of the Bonds to be redeemed, plus accrued interest to the date fixed for redemption.

\*\*[THE BONDS maturing on \_\_\_\_\_, \_\_\_\_ and \_\_\_\_\_, \_\_\_\_ (the "Term Bonds") are subject to mandatory redemption prior to maturity in part, by lot or other customary random method selected by the Paying Agent/Registrar, at a redemption price equal to the principal amount of the Term Bonds or portions thereof to be redeemed plus accrued interest to the redemption date, on \_\_\_\_\_ in each of the years and in the principal amounts as follows:

Term Bonds maturing on \_\_\_\_\_, \_\_\_\_

Years

Amounts

Term Bonds maturing on \_\_\_\_\_, \_\_\_\_

Years

Amounts

The principal amount of the Term Bonds of a maturity required to be redeemed pursuant to the operation of such mandatory redemption provisions shall be reduced, at the option of the Issuer, by the principal amount of the Term Bonds of such maturity which, at least 50 days prior to the mandatory redemption date (1) shall have been acquired by the Issuer at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, (2) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the Issuer at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase, or (3) shall have been redeemed pursuant to the optional redemption provisions and not theretofore credited against a mandatory redemption requirement.]

\* From Approval Certificate.

\*\* From Approval Certificate, if applicable.

DURING ANY PERIOD in which ownership of the Bonds is determined by a book entry at a securities depository for the Bonds, if fewer than all of the Bonds of the same maturity and bearing the same interest rate are to be redeemed, the particular Bonds of such maturity and bearing such interest rate shall be selected in accordance with the arrangements between the Issuer and the securities depository.

AT LEAST 30 days prior to the date fixed for any redemption of Bonds or portions thereof prior to maturity at the option of the Issuer, 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 appearing on the Registration Books at the close of business on the day next preceding the date of mailing of such notice; provided, however, that any notice so mailed shall be conclusively presumed to have been duly given and the failure to receive such notice, or any defect therein shall not affect the validity or effectiveness of the proceedings for the redemption of any Bond at the option of the Issuer. 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, plus accrued interest thereon to the date fixed for redemption. If such written notice of redemption is mailed 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 plus accrued interest from the Paying Agent/Registrar out of the funds provided for such payment. If a portion of any Bond shall be redeemed a substitute Bond or Bonds having the same maturity date, bearing interest at the same rate, in any denomination or denominations in any integral multiple of \$5,000, at the written request of the registered owner, and in aggregate principal amount equal to the unredeemed portion thereof, will be issued to the registered owner upon the surrender thereof for cancellation, at the expense of the Issuer, all as provided in the Bond Resolution.

THIS BOND OR ANY PORTION OR PORTIONS HEREOF IN ANY INTEGRAL MULTIPLE OF \$5,000 may be assigned and shall be transferred only in the Registration Books of the Issuer kept by the Paying Agent/Registrar acting in the capacity of registrar for the Bonds, upon the terms and conditions set forth in the Bond Resolution. Among other requirements for such assignment and transfer, this Bond must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Bond or any portion or portions hereof in any integral multiple of \$5,000 to the assignee or assignees in whose name or names this Bond or any such portion or portions hereof is or are to be transferred and registered. The form of Assignment printed or endorsed on this Bond shall be executed by the registered owner or its duly authorized attorney or representative, to evidence the assignment hereof. A new Bond or Bonds payable to such assignee or assignees (which then will be the new registered owner or owners of such new Bond or Bonds), or to the previous registered owner in the case of the assignment and transfer of only a portion of this Bond, may be delivered by the Paying Agent/Registrar in conversion of and exchange for this Bond, all in the form and manner as provided in the next paragraph hereof for the conversion and exchange of other Bonds. The Issuer shall pay the Paying Agent/Registrar's standard or customary fees and charges for making such transfer, but the one

requesting such transfer shall pay any taxes or other governmental charges required to be paid with respect thereto. The Paying Agent/Registrar shall not be required to make transfers of registration of this Bond or any portion hereof (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 45 days prior to its redemption date. The registered owner of this Bond shall be deemed and treated by the Issuer and the Paying Agent/Registrar as the absolute owner hereof for all purposes, including payment and discharge of liability upon this Bond to the extent of such payment, and the Issuer and the Paying Agent/Registrar shall not be affected by any notice to the contrary.

ALL BONDS OF THIS SERIES are issuable solely as fully registered bonds, without interest coupons, in the denomination of any integral multiple of \$5,000. As provided in the Bond Resolution, this Bond, or any unredeemed portion hereof, may, at the request of the registered owner or the assignee or assignees hereof, be converted into and exchanged for a like aggregate principal amount of fully registered bonds, without interest coupons, payable to the appropriate registered owner, assignee, or assignees, as the case may be, having the same maturity date, and bearing interest at the same rate, in any denomination or denominations in any integral multiple of \$5,000 as requested in writing by the appropriate registered owner, assignee, or assignees, as the case may be, upon surrender of this Bond to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Bond Resolution. The Issuer shall pay the Paying Agent/Registrar's standard or customary fees and charges for transferring, converting, and exchanging any Bond or any portion thereof, but the one requesting such transfer, conversion, and exchange shall pay any taxes or governmental charges required to be paid with respect thereto as a condition precedent to the exercise of such privilege of conversion and exchange. The Paying Agent/Registrar shall not be required to make any such conversion and 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 portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date.

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

IT IS HEREBY certified, recited, and covenanted that this Bond has been duly and validly authorized, issued, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this Bond have been performed, existed, and been done in accordance with law; that this Bond is a special obligation of the Issuer which, together with other outstanding bonds of the Issuer, and the interest thereon, are secured by and payable equally and ratably on a parity from a first lien on and pledge of the "Pledged Revenues" as defined in the Bond Resolution, which include the "Net Revenues of the District's Water System", as defined in the Bond Resolution, including specifically revenues derived pursuant to existing water supply contracts between the Issuer and the Cities of

Allen, Farmersville, Forney, Frisco, Garland, McKinney, Mesquite, Plano, Princeton, Richardson, Rockwall, Royse City, and Wylie, Texas, which cities are currently the Member Cities constituting the territory and boundaries of the Issuer, water supply contracts relating to the District's Water System with any other cities which hereafter may become Member Cities, and water supply contracts with other cities and customers in connection with the District's Water System.

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

THE ISSUER also has reserved the right to amend the Bond Resolution, with the approval of the owners of 51% of the outstanding bonds secured by a first lien on the Pledged Revenues, subject to the restrictions stated in the Bond Resolution.

THE REGISTERED OWNER hereof shall never have the right to demand payment of this Bond or the interest hereon out of any funds raised or to be raised by taxation or from any source whatsoever other than as specified in the Bond Resolution.

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

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

\_\_\_\_\_  
XXXXXXXX  
Secretary, Board of Directors

\_\_\_\_\_  
XXXXXXXX  
President, Board of Directors

(DISTRICT SEAL)

FORM OF PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE  
PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

(To be executed if this Bond is not accompanied by an executed Registration Certificate of the Comptroller of Public Accounts of the State of Texas)

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

Dated THE BANK OF NEW YORK MELLON TRUST COMPANY,  
NATIONAL ASSOCIATION, Dallas, Texas

By \_\_\_\_\_  
Authorized Representative

FORM OF ASSIGNMENT

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto

Please Insert Social Security or  
Other Identifying Number of Assignee  
/\_\_\_\_\_/

\_\_\_\_\_  
(Name and Address of Assignee)  
the within Bond and does hereby irrevocably constitute and appoint \_\_\_\_\_  
to transfer said Bond on the books kept for registration thereof with full power of substitution in the  
premises.

Date: \_\_\_\_\_  
\_\_\_\_\_

Signature Guaranteed: \_\_\_\_\_

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever; and



NOTICE: Signature(s) must be guaranteed by an eligible guarantor institution participating in a Securities Transfer Association recognized signature guarantee program.

Section 8. ADDITIONAL DEFINITIONS. That as used in this Resolution the following terms shall have the meanings set forth below, unless the text hereof specifically indicates otherwise:

The term "Additional Bonds" shall mean the additional parity revenue bonds permitted to be authorized in the future in this Resolution.

The term "Board" shall mean the Board of Directors of the Issuer, being the governing body of the Issuer, and it is further resolved that the declarations and covenants of the Issuer contained in this Resolution are made by, and for and on behalf of the Board and the Issuer, and are binding upon the Board and the Issuer for all purposes.

The terms "Bond Resolution" and "Resolution" mean this resolution authorizing the Bonds.

The term "Bonds" means collectively the Initial Bond as described and defined in Sections 1 and 2 of this Resolution, and all substitute bonds exchanged therefor as well as all other substitute and replacement bonds issued pursuant to this Resolution.

The term "Contracts" shall mean collectively: (a) the original separate water supply contracts between the Issuer and each of the current Member Cities, respectively, and all amendments thereto, with each of said contracts initially having been authorized at elections held in each of the current Member Cities, respectively, on December 5, 1953, except for (i) such contract with the City of Richardson, which is dated April 7, 1965, and was amended on July 2, 1973, and modified in October, 1973, (ii) such contract with the City of Allen, Texas, which is dated as of October 1, 1998 (the "Allen Contract"), and (iii) such contract with the City of Frisco, Texas, which is dated as of October 1, 2001 (the "Frisco Contract"), as all of said contracts (except the Allen Contract and the Frisco Contract), as amended, have been further amended, modified, combined, consolidated, and wholly replaced by a single "North Texas Municipal Water District Regional Water Supply Facilities Amendatory Contract" dated as of August 1, 1988, and, together with the Allen Contract and the Frisco Contract have been amended by a First Amendment to North Texas Municipal Water District Regional Water Supply Facilities Amendatory Contract, effective February 7, 2021, executed between the Issuer and each of such Member Cities, (b) any water supply contracts relating to the System with any other cities which hereafter may become Member Cities, and (c) all water supply contracts between the Issuer and other cities and customers in connection the District's Water System.

The terms "District" and "Issuer" shall mean North Texas Municipal Water District.

The terms "District's System" and "System" shall mean all of the Issuer's existing water storage, treatment, transportation, distribution, and supply facilities, and other properties, which heretofore have been acquired or constructed with the proceeds from the sale of all bonds or other obligations ever issued by the Issuer which have been payable from or secured by a lien on or pledge of any part of the "Net Revenues of the System," or with revenues from said System, together with all future improvements, enlargements, extensions, and additions to any of the foregoing, and all

future new facilities, which are acquired or constructed with the proceeds from the sale of the Parity Bonds and any Additional Bonds or money from the Contingency Fund (hereinafter described) or any water supply facilities which are deliberately and specifically, at the option of the Board, made a part of the System by resolution of the Board, and all repairs to and replacements of the System. Said terms do not include any Issuer facilities which provide waste treatment or disposal or other wastewater services of any kind. Said terms do not include any facilities acquired or constructed by the Issuer with any proceeds from the issuance of "Special Facilities Bonds," which are hereby defined as being revenue obligations of the Issuer which are not issued as Additional Bonds, and which are payable from any source, contract or revenues whatsoever other than the Pledged Revenues; and Special Facilities Bonds may be issued for any lawful purposes and made payable from any source, contract, or revenues whatsoever other than the Pledged Revenues.

The term "Gross Revenues of the System" shall mean all of the revenues, income, rentals, rates, fees, and charges of every nature derived by the Board or the Issuer from the operation and/or ownership of the System, including specifically all payments and amounts received by the Board or the Issuer from the Contracts, and all investments, interest, and income from any Fund created pursuant to this Resolution.

The term "Member Cities" shall mean collectively the Cities of Allen, Farmersville, Forney, Frisco, Garland, McKinney, Mesquite, Plano, Princeton, Richardson, Rockwall, Royse City, and Wylie, Texas, together with all cities which hereafter may become Member Cities as provided in the Act.

The terms "Net Revenues of the District's Water System" and "Net Revenues of the System" shall mean the Gross Revenues of the System less the Operation and Maintenance Expense of the System.

The term "Operation and Maintenance Expense of the System" shall mean all costs of operation and maintenance of the System including, but not limited to, repairs and replacements, operating personnel, the cost of utilities, supervision, engineering, accounting, auditing, legal services, insurance premiums, and any other supplies, services, administrative costs, and equipment necessary for proper operation and maintenance of the System, payments to any public or private entity made for the purchase of water, storage right, or other interests in water, or for the use or operation of any property or facilities, payments to the United States of America with respect to the operation, maintenance, and use of Lavon Dam and Reservoir and/or any other reservoirs or facilities in connection with the Issuer's sources of water for the System, and payments made by the Issuer in satisfaction of judgments or other liabilities resulting from claims not covered by Issuer's insurance. Depreciation shall not be considered an item of Operation and Maintenance Expense.

The term "Parity Bonds" shall mean, collectively, (i) the Bonds, (ii) the North Texas Municipal Water District Water System Revenue Refunding and Improvement Bonds, Series 2014 (the "Series 2014 Bonds"), dated as of June 15, 2014, authorized by a resolution of the Board on June 26, 2014 (the "Series 2014 Bond Resolution"), (iii) the North Texas Municipal Water District Water System Revenue Refunding and Improvement Bonds, Series 2015 (the "Series 2015 Bonds"), dated as of April 15, 2015, authorized by a resolution of the Board on April 23, 2015 (the "Series

2015 Bond Resolution"), (vi) the North Texas Municipal Water District Water System Revenue Refunding and Improvement Bonds, Series 2016 (the "Series 2016 Bonds"), dated as of October 15, 2016, authorized by a resolution of the Board on October 27, 2016 (the "Series 2016 Bond Resolution"), (v) the North Texas Municipal Water District Water System Revenue Bonds, Series 2017 (the "Series 2017 Bonds"), authorized by a resolution of the Board on June 22, 2017 (the "Series 2017 Bond Resolution"), (vi) the North Texas Municipal Water District Water System Revenue Bonds, Series 2018 (the "Series 2018 Bonds"), authorized by a resolution of the Board on June 22, 2017 (the "Series 2018 Bond Resolution"), (vii) the North Texas Municipal Water District Water System Revenue Bonds, Series 2018A (the "Series 2018A Bonds"), authorized by a resolution of the Board on March 22, 2018 (the "Series 2018 Bond Resolution"), (viii) the North Texas Municipal Water District Water System Revenue Bonds, Series 2019 (the "Series 2019 Bonds"), authorized by a resolution of the Board on March 28, 2019 (the "Series 2019 Bond Resolution"), (ix) the North Texas Municipal Water District Water System Revenue Refunding Bonds, Series 2019 (the "Series 2019 Refunding Bonds"), authorized by a resolution of the Board on March 28, 2019 (the "Series 2019 Refunding Resolution"), (x) the North Texas Municipal Water District Water System Revenue Bonds, Series 2019A (the "Series 2019A Bonds"), authorized by a resolution of the Board on March 28, 2019 (the "Series 2019A Bond Resolution"), (xi) the North Texas Municipal Water District Water System Revenue Refunding Bonds, Series 2020 (the "Series 2020 Bonds"), authorized by a resolution of the Board on March 26, 2020 (the Series 2020 Bond Resolution"), (xii) the North Texas Municipal Water District Water System Revenue Refunding and Improvement Bonds, Series 2021 (the "Series 2021 Bonds"), authorized by a resolution of the Board on June 24, 2021 (the "Series 2021 Bond Resolution"), and (xiii) the North Texas Municipal Water District Water System Revenue Refunding Bonds, Series 2021A (the "Series 2021A Bonds"), authorized by a resolution of the Board on August 26, 2021 (the "Series 2021A Bond Resolution").

The term "Pledged Revenues" shall mean: (a) the Net Revenues of the System and (b) any additional revenues, income, receipts, or other resources, including, without limitation, any grants, donations, or income received or to be received from the United States Government, or any other public or private source, whether pursuant to an agreement or otherwise, which in the future may, at the option of the Issuer, be pledged to the payment of the Parity Bonds or the Additional Bonds.

The term "year" or "fiscal year" shall mean the Issuer's fiscal year, which currently begins on October 1 of each calendar year, but which subsequently may be any other 12 month period hereafter established by the Issuer as a fiscal year for the purposes of any resolution authorizing the Bonds or any Additional Bonds.

Section 9. PLEDGE. (a) The Bonds authorized by this Resolution are hereby designated as, and shall be, "Additional Bonds" as permitted by Sections 22 and 23, respectively, of the Series 2014 Bond Resolution, the Series 2015 Bond Resolution, the Series 2016 Bond Resolution, the Series 2017 Bond Resolution, the Series 2018 Bond Resolution, the Series 2018A Bond Resolution, the Series 2019 Bond Resolution, the Series 2019A Bond Resolution, the Series 2019 Refunding Bond Resolution, the Series 2020 Bond Resolution, the Series 2021 Bond Resolution, and the Series 2021A Bond Resolution and it is hereby determined, declared, and resolved that all of the Parity Bonds, including the Bonds authorized by this Resolution, are and shall be secured and payable equally and ratably on a parity, and that Sections 8 through 20 and 22 through 26 of this Resolution

substantially restate and are supplemental to and cumulative of the applicable and pertinent provisions of the resolutions authorizing the issuance of the previously issued Parity Bonds, respectively, with Sections 8 through 20 and 22 through 26 of this Resolution being equally applicable to all of the Parity Bonds.

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

Section 10. REVENUE FUND. There has been created and established and there shall be maintained on the books of the Issuer, and accounted for separate and apart from all other funds of the Issuer, a special fund to be entitled the "North Texas Municipal Water District Water System Revenue Refunding Bonds Revenue Fund" (hereinafter called the "Revenue Fund"). All Gross Revenues of the System (excepting the investment interest and income from the Interest and Redemption Fund, the Reserve Fund, and the Contingency Fund) shall be credited to the Revenue Fund immediately upon receipt. All Operation and Maintenance Expenses of the System shall be paid from such Gross Revenues credited to the Revenue Fund, as a first charge against same.

Section 11. INTEREST AND REDEMPTION FUND. For the sole purpose of paying the principal of and interest on all outstanding Parity Bonds and any Additional Bonds, as the same come due, there has been created and established and there shall be maintained at The Bank of New York Mellon Trust Company, National Association, or at the option of the Issuer at any time hereafter, established and maintained at any national bank having a capital and surplus in excess of \$25,000,000, a separate fund to be entitled the "North Texas Municipal Water District Water System Revenue Refunding and Improvement Bonds Interest and Redemption Fund" (hereinafter called the "Interest and Redemption Fund").

Section 12. RESERVE FUND. There has been created and established, and there shall be maintained at The Bank of New York Mellon Trust Company, National Association, or at the option of the Issuer at any time hereafter, established and maintained at any national bank having a capital and surplus in excess of \$25,000,000, a separate fund to be entitled the "North Texas Municipal Water District Regional Water System Revenue Refunding Bonds Reserve Fund" (hereinafter called the "Reserve Fund"). The Reserve Fund shall be used solely for the purpose of finally retiring the last of the outstanding Parity Bonds and Additional Bonds, or for paying principal of and interest on any outstanding Parity Bonds and Additional Bonds, when and to the extent the amount in the Interest and Redemption Fund is insufficient for such purpose.

Section 13. CONTINGENCY FUND. There has been created and established, and there shall be maintained at The Bank of New York Mellon Trust Company, National Association, or at the option of the Issuer at any time hereafter, established and maintained at any national bank having a capital and surplus in excess of \$25,000,000, a separate fund to be entitled the "North Texas Municipal Water District Water System Revenue Refunding Bonds Contingency Fund" (hereinafter called the "Contingency Fund"). The Contingency Fund shall be used solely for the purpose of paying the costs of improvements, enlargements, extensions, or additions to the System, and

unexpected or extraordinary repairs or replacements of the System for which System funds are not otherwise available, or for paying unexpected or extraordinary Operation and Maintenance Expenses of the System for which System funds are not otherwise available, or for paying principal of and interest on any Parity Bonds or Additional Bonds, when and to the extent the amount in the Interest and Redemption Fund is insufficient for such purpose

Section 14. DEPOSITS OF PLEDGED REVENUES; INVESTMENTS. (a) The Pledged Revenues shall be deposited into the Interest and Redemption Fund, the Reserve Fund, and the Contingency Fund when and as required by this Resolution.

(b) Money in any Fund established or maintained pursuant to the this Resolution may, at the option of the Issuer, be placed in secured time deposits or secured certificates of deposit, or be invested in direct obligations of the United States of America, obligations guaranteed or insured by the United States of America, which, in the opinion of the Attorney General of the United States, are backed by its full faith and credit or represent its general obligations, including, but not limited to, evidences of indebtedness issued, insured, or guaranteed by such governmental agencies as the Federal Home Loan Banks, Government National Mortgage Association, Farmers Home Administration, Federal Home Loan Mortgage Association, or Small Business Administration; provided that all such deposits and investments shall be made in such manner that the money required to be expended from any Fund will be available at the proper time or times. Such investments shall be valued in terms of current market value as of the 20th day of August of each year. Interest and income derived from such deposits and investments shall be credited to the Fund from which the deposit or investment was made. Such investments shall be sold promptly when necessary to prevent any default in connection with the Parity Bonds or Additional Bonds.

Section 15. FUNDS SECURED. Money in all Funds described in this Resolution, to the extent not invested, shall be secured in the manner prescribed by law for securing funds of the Issuer.

Section 16. DEBT SERVICE REQUIREMENTS. (a) Promptly after the delivery of the Initial Bond the Issuer shall cause to be deposited to the credit of the Interest and Redemption Fund, from the proceeds received from the sale and delivery of the Initial Bond, all accrued interest, if any, to be used to pay part of the interest coming due on the Bonds.

(b) The Issuer shall transfer from the Pledged Revenues and deposit to the credit of the Interest and Redemption Fund the amounts, at the times, as follows:

(1) such amounts, deposited in approximately equal monthly installments on or before the 25th day of each month hereafter as will be sufficient, together with other amounts, if any, then on hand in the Interest and Redemption Fund and available for such purpose, to pay the interest scheduled to accrue and come due on all of the Parity Bonds on the next succeeding interest payment date; and

(2) such amounts, deposited in approximately equal monthly installments on or before the 25th day of each month hereafter as will be sufficient, together with other amounts, if any, then on hand in the Interest and Redemption Fund and available for such

purpose, to pay the principal scheduled to mature and come due, and/or mandatorily required to be redeemed prior to maturity, on all of the Parity Bonds on the next succeeding principal payment date.

Section 17. RESERVE REQUIREMENTS. The Issuer is required to accumulate and maintain in the Reserve Fund an aggregate amount of money and/or investments equal in market value to the average annual principal and interest requirements on all outstanding Parity Bonds (the "Reserve Required Amount"). Immediately after the delivery of the Initial Bond, the District shall deposit to the credit of the Reserve Fund, from the proceeds from the sale and delivery of the Initial Bond, an amount of money, if any, which will cause the Reserve Fund to contain, together with the other money and/or investments then on hand therein, an amount of money and/or investments equal in market value to the Reserve Required Amount. 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; but if and whenever the market value 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 require the Member Cities to increase their payments under their respective Contracts as soon as practicable, and in any event within one year, in an amount sufficient to restore the amount of such decrease; and in the event the Reserve Fund is used pay the principal of or interest on the Bonds because of insufficient amounts being available in the Interest and Redemption Fund, then the Issuer shall require the Member Cities to increase their payments under the their respective 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, and the Issuer shall deposit, in the Reserve Fund, in approximately equal periodic payments, not less than annual, such amounts as are required to cause the Reserve Fund to contain the Reserve Required Amount 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 Interest and Redemption Fund on or before September 1 of each year.

Section 18. CONTINGENCY REQUIREMENTS. There is now on hand in the Contingency Fund an amount of money and/or investments at least equal in market value to \$500,000. No additional deposits are required to be made to the credit of the Contingency Fund unless and until such amount therein is reduced or depleted. If and when such amount in the Contingency Fund is reduced or depleted then, subject and subordinate to making the required deposits to the credit of the Interest and Redemption Fund and the Reserve Fund, such reduction or depletion shall be restored from amounts which shall be provided for such purpose in the Issuer's Annual Budget for the next ensuing fiscal year or years; provided that the Issuer is not required to budget more than \$200,000 for such purpose during any one fiscal year. So long as the Contingency Fund contains money and investments not less than the amount of \$500,000 in market value, any surplus in the Contingency Fund over said amount may be withdrawn and used for any lawful purpose.

Section 19. DEFICIENCIES; EXCESS PLEDGED REVENUES. (a) If on any occasion there shall not be sufficient Pledged Revenues to make the required deposits into the Interest and Redemption Fund, the Contingency Fund, and the Reserve Fund, then such deficiency shall be made up as soon as possible from the next available Pledged Revenues, or from any other sources lawfully available for such purpose.

(b) Subject to making the required deposits to the credit of the Interest and Redemption Fund, the Contingency Fund, and the Reserve Fund, when and as required by this Resolution, or any Resolution authorizing the issuance of Additional Bonds, the excess Pledged Revenues may be used for any lawful purpose; provided that at the time each Annual Budget is prepared all such excess revenues which are not pledged to the payment of junior or subordinate lien bonds or other obligations of the Issuer, and which have not been committed by formal resolution or order of the Board for a specific purpose, and which exceed twenty-five percent of the Operation and Maintenance Expenses of the Issuer for the fiscal year then ending, shall be applied to the payment of Operation and Maintenance Expenses of the Issuer for the next ensuing fiscal year, and the Annual Budget shall be prepared accordingly.

Section 20. PAYMENT OF PARITY BONDS AND ADDITIONAL BONDS. Semiannually on or before the first day of each March and September while any of the Parity Bonds or Additional Bonds are outstanding and unpaid, the Issuer shall make available to the paying agents therefor, out of the Interest and Redemption Fund, the Contingency Fund, or the Reserve Fund, if necessary, money sufficient to pay such interest on and such principal of the Parity Bonds and Additional Bonds as will accrue or mature on such March 1 or September 1, as the case may be. The paying agents shall destroy all paid Parity Bonds and Additional Bonds, and furnish the Issuer with an appropriate certificate of cancellation or destruction.

Section 21. FINAL DEPOSITS; GOVERNMENTAL OBLIGATIONS. (a) Any Bond shall be deemed to be paid, retired, and no longer outstanding, when payment of the principal of, redemption premium, if any, on such Bond, plus interest thereon to the due date thereof (whether such date be by reason of maturity, upon redemption, or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof (including the giving of any required notice of redemption), or (ii) shall have been provided by irrevocably depositing with a paying agent therefor, (1) money sufficient to make such payment or (2) Government Obligations, as hereinafter defined in this Section, certified by an independent public accounting firm of national reputation to mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation, and expenses of such paying agent pertaining to the Bonds with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of such paying agent. At such time as a Bond shall be deemed to be paid hereunder, as aforesaid, it shall no longer be secured by or entitled to the benefits of any Bond Resolution or a lien on and pledge of the Pledged Revenues, and shall be entitled to payment solely from such money or Government Obligations.

(b) Any moneys so deposited with a paying agent may at the direction of the Issuer also be invested in Government Obligations, maturing in the amounts and times as hereinbefore set forth, and all income from all Government Obligations in the hands of the paying agent pursuant to this Section which is not required for the payment of the Bonds, the redemption premium, if any, and interest thereon, with respect to which such moneys has been so deposited, shall be turned over to the Issuer.

(c) The Issuer covenants that no deposit will be made or accepted under clause (ii) of this Section and no use made of any such deposit which would cause the Parity Bonds or any Additional Bonds to be treated as arbitrage bonds within the meaning of the Internal Revenue Code of 1986, as amended.

(d) The term "Government Obligations" as used in this Section shall mean (i) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, and (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the Board of Directors adopts or approves proceedings authorizing the issuance of refunding bonds or otherwise provide for the funding of an escrow to effect the defeasance of the Bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" of its equivalent.

(e) Notwithstanding any provisions of this Resolution, all money or Government Obligations set aside and held in trust pursuant to the provisions of this Section for the payment of Bonds, the redemption premium, if any, and interest thereon, shall be applied to and used for the payment of Bonds, the redemption premium, if any, and interest thereon.

(f) Notwithstanding the foregoing, the Issuer covenants that with respect to the Bonds it will provide a paying agent/registrar to perform the services thereof provided for by this Resolution the same as if they had not been defeased, and the Issuer shall make proper arrangements to provide and pay for such paying agent and registrar services.

Section 22. ADDITIONAL BONDS. (a) The Issuer shall have the right and power at any time and from time to time, and in one or more Series or issues, to authorize, issue, and deliver additional parity revenue bonds (herein called "Additional Bonds"), in accordance with law, in any amounts, for any lawful purpose relating to the System, including the refunding of any Parity Bonds or Additional Bonds. Such Additional Bonds, if and when authorized, issued, and delivered in accordance with this Resolution, shall be secured by and made payable equally and ratably on a parity with the Parity Bonds, and all other outstanding Additional Bonds, from a first lien on and pledge of the Pledged Revenues.

(b) The Interest and Redemption Fund and the Reserve Fund, established by this Resolution shall secure and be used to pay all Additional Bonds as well as the Parity Bonds. However, each Resolution under which Additional Bonds are issued shall provide and require that, in addition to the amounts required by the provisions of this Resolution and the provisions of any other Resolution or Resolutions authorizing Additional Bonds to be deposited to the credit of the Interest and Redemption Fund, the Issuer shall deposit to the credit of the Interest and Redemption Fund at least such amounts as are required for the payment of all principal of and interest on said Additional Bonds then being issued, as the same come due; and that the aggregate amount to be accumulated and maintained in the Reserve Fund shall be increased, if and to the extent necessary, to an amount not less than the average annual principal and interest requirements of all Parity Bonds and Additional Bonds which will be outstanding after the issuance and delivery of the then proposed Additional Bonds; and that the required additional amount shall be so accumulated by the deposit



in the Reserve Fund of all or any part of said required additional amount in cash immediately after the delivery of the then proposed Additional Bonds, or, at the option of the Issuer, by the deposit of said required additional amount (or any balance of said required additional amount not deposited in cash as permitted above) within five years from the date of such installment or series of Additional Bonds, and in approximately equal installments, not less than annual.

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

(d) The principal of all Additional Bonds must be scheduled to be paid or mature on September 1 of the years in which such principal is scheduled to be paid or mature; and all interest thereon must be payable on March 1 and September 1.

Section 23. FURTHER REQUIREMENTS FOR ADDITIONAL BONDS. Additional Bonds shall be issued only in accordance with this Resolution, but notwithstanding any provisions of this Resolution to the contrary, no installment, Series, or issue of Additional Bonds shall be issued or delivered unless the President and the Secretary of the Board sign a written certificate to the effect that the Issuer is not in default as to any covenant, condition, or obligation in connection with all outstanding Parity Bonds and Additional Bonds, and the Resolutions authorizing same, and that the Interest and Redemption Fund and the Reserve Fund each contains the amount then required to be therein, and either (a) an independent registered professional engineer of the State of Texas or a firm of such engineers executes a certificate or report to the effect that in his or its opinion the Pledged Revenues in each complete fiscal year thereafter will be at least equal to 1.25 times the average annual principal and interest requirements of all Parity Bonds and Additional Bonds to be outstanding after the delivery of the then proposed Additional Bonds, or (b) in the alternative to (a), above, the President and Secretary of the Board sign a written certificate to the effect that, based upon an opinion of legal counsel to the Issuer, there are Contracts then in effect pursuant to which the Member Cities and others which are parties to such Contracts are obligated to make minimum payments to the Issuer at such times (including during periods when water is not available to such member Cities and others) and in such amounts as shall be necessary to provide to the Issuer Net Revenues of the System sufficient to pay when due all principal of and interest on all Parity Bonds and Additional Bonds to be outstanding after the issuance of the proposed Additional Bonds, and to make the deposits into the Reserve Fund as required under this Resolution.

Section 24. GENERAL COVENANTS. The Issuer further covenants and agrees that:

(a) PERFORMANCE. It will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in this Resolution and each resolution authorizing the issuance of Additional Bonds, and in each and every Parity Bond and Additional Bond; that it will promptly pay or cause to be paid the principal of and interest on every Bond and Additional Bond, on the dates and in the places and manner prescribed in such resolutions and Parity Bonds or Additional Bonds; and that it will, at the times and in the manner prescribed, deposit or cause to be deposited the amounts required to be deposited into the Interest and Redemption Fund and the Reserve Fund; and any holder of the Parity Bonds or Additional Bonds may require the Issuer, its Board, and its officials and employees, to carry out, respect, or enforce the covenants and

obligations of this Resolution or any resolution authorizing the issuance of Additional Bonds, by all legal and equitable means, including specifically, but without limitation, the use and filing of mandamus proceedings, in any court of competent jurisdiction, against the Issuer, its Board, and its officials and employees.

(b) **ISSUER'S LEGAL AUTHORITY.** It is a duly created and existing conservation and reclamation district of the State of Texas pursuant to Article 16, Section 59 of the Texas Constitution, and Chapter 62, Acts of the 52nd Legislature of the State of Texas, Regular Session, 1951, as amended (originally compiled as Vernon's Ann. Tex. Civ. St. Article 8280-141), and is duly authorized under the laws of the State of Texas to create and issue the Parity Bonds; that all action on its part for the creation and issuance of the Parity Bonds has been duly and effectively taken, and that the Parity Bonds in the hands of the holders and owners thereof are and will be valid and enforceable special obligations of the Issuer in accordance with their terms.

(c) **TITLE.** It has or will obtain lawful title to, or the lawful right to use and operate, the lands, buildings, and facilities constituting the System, that it warrants that it will defend, the title to or lawful right to use and operate, all the aforesaid lands, buildings, and facilities, and every part thereof, for the benefit of the holders and owners of the Bonds against the claims and demands of all persons whomsoever, that it is lawfully qualified to pledge the Pledged Revenues to the payment of the Parity Bonds and Additional Bonds in the manner prescribed herein, and has lawfully exercised such rights.

(d) **LIENS.** It will from time to time and before the same become delinquent pay and discharge all taxes, assessments, and governmental charges, if any, which shall be lawfully imposed upon it, or the System, that it will pay all lawful claims for rents, royalties, labor, materials, and supplies which if unpaid might by law become a lien or charge thereon, the lien of which would be prior to or interfere with the liens hereof, so that the priority of the liens granted hereunder shall be fully preserved in the manner provided herein, and that it will not create or suffer to be created any mechanic's, laborer's, materialman's, or other lien or charge which might or could be prior to the liens hereof, or do or suffer any matter or thing whereby the liens hereof might or could be impaired; provided, however, that no such tax, assessment, or charge, and that no such claims which might be used as the basis of a mechanic's, laborer's, materialman's, or other lien or charge, shall be required to be paid so long as the validity of the same shall be contested in good faith by the Issuer.

(e) **OPERATION OF SYSTEM.** While the Parity Bonds or any Additional Bonds are outstanding and unpaid it will cause the System to be continuously and efficiently operated and maintained in good condition, repair, and working order, and at a reasonable cost.

(f) **FURTHER ENCUMBRANCE.** While the Parity Bonds or any Additional Bonds are outstanding and unpaid, it shall not additionally encumber the Pledged Revenues in any manner, except as permitted in this Resolution in connection with Additional Bonds, unless said encumbrance is made junior and subordinate in all respects to the liens, pledges, covenants, and agreements of this Resolution and any resolution authorizing the issuance of Additional Bonds; but the right of the Issuer and the Board to issue revenue bonds payable from a subordinate lien on the Pledged Revenues is specifically recognized and retained.

(g) SALE OF PROPERTY. While the Parity Bonds or any Additional Bonds are outstanding and unpaid, it will maintain its current legal corporate status as a conservation and reclamation district, and the Issuer shall not sell, convey, mortgage, or in any manner transfer title to, or lease, or otherwise dispose of the entire System, or any significant or substantial part thereof; provided that whenever it deems it necessary to dispose of any machinery, fixtures, and equipment, it may sell or otherwise dispose of such machinery, fixtures, and equipment when it has made arrangements to replace the same or provide substitutes therefor, unless it is determined by the Board that no such replacement or substitute is necessary.

(h) INSURANCE. (1) It will cause to be insured such parts of the System as would usually be insured by corporations operating like properties, with a responsible insurance company or companies, against risks, accidents, or casualties against which and to the extent insurance is usually carried by corporations operating like properties, including fire and extended coverage insurance. Public liability and property damage insurance shall also be carried unless the general counsel for Issuer, or the Attorney General of Texas, gives a written opinion to the effect that the Issuer, the Board, and its officers and employees, are not liable for claims which would be protected by such insurance. At any time while any contractor engaged in construction work shall be fully responsible therefor, the Issuer shall not be required to carry insurance on the works being constructed, but the contractor shall be required to carry appropriate insurance. All such policies shall be open to the inspection of the owners of the Parity Bonds and Additional Bonds and their representatives at all reasonable times.

(2) Upon the happening of any loss or damage covered by insurance from one or more of said causes, the Issuer shall make due proof of loss and shall do all things necessary or desirable to cause the insuring companies to make payment in full directly to the Issuer. The proceeds of insurance covering such property, together with any other funds necessary and available for such purpose, shall be used forthwith by the Issuer for repairing the property damaged or replacing the property destroyed; provided, however, that if said insurance proceeds and other funds are insufficient for such purpose, then said insurance proceeds pertaining to the System shall be used promptly as follows:

(a) for the redemption prior to maturity of the Parity Bonds and Additional Bonds, if any, ratably in the proportion that the outstanding principal of each Series or issue of Parity Bonds or Additional Bonds bears to the total outstanding principal of all Bonds; provided that if on any such occasion the principal of any such Series or issue is not subject to redemption, it shall not be regarded as outstanding in making the foregoing computation; or

(b) if none of the outstanding Parity Bonds or Additional Bonds is subject to redemption, then for the purchase on the open market and retirement of said Parity Bonds and Additional Bonds, in the same proportion as prescribed in the foregoing clause (a), to the extent practicable; provided that the purchase price for any such Parity Bond or Additional Bonds shall not exceed the redemption price of such Parity Bond or Additional Bond on the first date upon which it becomes subject to redemption; or

(c) to the extent that the foregoing clauses (a) and (b) cannot be complied with at the time, the insurance proceeds, or the remainder thereof, shall be deposited in a special and separate trust fund, at an official depository of the Issuer, to be designated the Insurance Account. The Insurance Account shall be held until such time as the foregoing clauses (a) and/or (b) can be complied with, or until other funds become available which, together with the Insurance Account, will be sufficient to make the repairs or replacements originally required, whichever of said events occurs first.

(3) The annual audit hereinafter required shall contain a list of all such insurance policies carried, together with a statement as to whether or not all insurance premiums upon such policies have been paid.

(i) **RATE COVENANT.** It will fix, establish, maintain, and collect such rentals, rates, charges, and fees for the use and availability of the System as are necessary to produce Gross Revenues of the System sufficient, together with any other Pledged Revenues, (a) to pay all Operation and Maintenance Expenses of the System and (b) to make all payments and deposits required to be made into the Interest and Redemption Fund, and to maintain the Reserve Fund and the Contingency Fund, when and as required by the resolutions authorizing all Parity Bonds and Additional Bonds.

(j) **RECORDS.** Proper books of record and account will be kept in which full, true, and correct entries will be made of all dealings, activities, and transactions relating to the System, the Pledged Revenues, and all Funds described in this Resolution; and all books, documents, and vouchers relating thereto shall at all reasonable times be made available for inspection upon request of any owner of a Parity Bond or Additional Bond.

(k) **AUDITS.** Each year while any of the Parity Bonds or Additional Bonds is outstanding, an audit will be made of its books and accounts relating to the System and the Pledged Revenues by an independent certified public accountant or an independent firm of certified public accountants. As soon as practicable after the close of each year, and when said audit has been completed and made available to the Issuer, a copy of such audit for the preceding year shall be mailed to the Municipal Advisory Council of Texas and to any bondholders who shall so request in writing. Such annual audit reports shall be open to the inspection of the bondholders and their agents and representatives at all reasonable times.

(l) **GOVERNMENTAL AGENCIES.** It will comply with all of the terms and conditions of any and all agreements applicable to the System and the Parity Bonds or Additional Bonds entered into between the Issuer and any governmental agency, and the Issuer will take all action necessary to enforce said terms and conditions; and the Issuer will obtain and keep in full force and effect all franchises, permits, and other requirements necessary with respect to the acquisition, construction, operation, and maintenance of the System.

(m) **CONTRACTS.** It will comply with the terms and conditions of the Contracts, and any amendments thereto, and will cause the Member Cities and other cities and customers to comply with all of their obligations thereunder by all lawful means; provided that the Contracts will not be

rescinded, modified, or amended in any way which would materially affect adversely the operation of the System or the rights of the owners of the Parity Bonds and Additional Bonds; provided further that, without violating this Section 24(m), the Contracts may be modified or amended to change the allocation of the Annual Requirement (as defined in the Contracts) among the Member Cities by changing the basis for determination of each Member City's minimum amount of each Annual Requirement.

(n) ANNUAL BUDGET. On or before the first day of the second calendar month prior to the beginning of each fiscal year, it will prepare the preliminary Annual Budget of Operation and Maintenance Expenses of the System for the ensuing fiscal year, and any amounts required to be deposited to the credit of the Contingency Fund during the ensuing fiscal year, and such budget shall include a showing as to the proposed expenditures for such ensuing fiscal year. If the owners of ten per centum (10%) in aggregate principal amount of the Parity Bonds and Additional Bonds then outstanding shall so request on or before the 15th day of the aforesaid month, the Board shall hold a public hearing on or before the 15th day of the following month, at which any such owner may appear in person or by agent or attorney and present any objections he may have to the final adoption of such budget. Notice of the time and place of such hearing shall be published twice, once in each of two successive weeks, in daily newspapers (and if no daily newspaper is published in any one of such cities, in a weekly newspaper published in such cities) of general circulation published in Dallas, Texas, the date of the first publication to be at least fourteen days before the date fixed for the hearing, and copies of such notice shall be mailed at least ten days before the hearing to each owner of a Parity Bond or Additional Bond who shall have filed his or her name and address with the Secretary of the Board for such purpose. The Issuer further covenants that on or before the first day of each fiscal year it will finally adopt the Annual Budget of Operation and Maintenance Expenses of the System for such fiscal year (hereinafter sometimes call the "Annual Budget") and that except as otherwise provided herein the total expenditures in any division thereof will not exceed the total expenditures in the corresponding division in the preliminary budget. If for any reason the Board shall not have adopted the Annual Budget before the first day of any fiscal year, the budget for the preceding fiscal year shall be deemed to be in force until the adoption of the Annual Budget. The Operation and Maintenance Expenses of the System incurred in any fiscal year will not exceed the reasonable and necessary amount thereof, and the Board will not expend any amount or incur any obligation for maintenance, repair, and operation in excess of the amounts provided therefor in the Annual Budget; provided, however, that if at any time the Board shall determine that the amount of the appropriation for any item in the Annual Budget is in excess of the amount which will be required for such item, the Board may by resolution reduce such appropriation and make an appropriation for any item or items not covered by the Annual Budget or increase the appropriation for any other item or items by an amount not exceeding the amount of such reduction; and provided, further, that the Board may at any time by resolution adopt an Amended or Supplemental Annual Budget for the remainder of the then current fiscal year in case of an emergency caused by some extraordinary occurrence which shall be recited in such resolution.

Section 25. DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED BONDS.  
(a) Replacement Bonds. In the event any outstanding Bond is damaged, mutilated, lost, stolen, or destroyed, the Paying Agent/Registrar shall cause to be printed, executed, and delivered, a new bond

of the same principal amount, maturity, and interest rate, as the damaged, mutilated, lost, stolen, or destroyed Bond, in replacement for such Bond in the manner hereinafter provided.

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

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

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

(e) Authority for Issuing Replacement Bonds. In accordance with Chapter 1201, Texas Government Code, this Section of this Resolution shall constitute authority for the issuance of any such replacement bond without necessity of further action by the governing body of the Issuer or any other body or person, and the duty of the replacement of such bonds is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such Bonds in the form and manner and with the effect, as provided in this Resolution for Bonds issued in conversion and exchange for other Bonds.

Section 26. CUSTODY, APPROVAL, AND REGISTRATION OF BONDS; BOND COUNSEL'S OPINION, CUSIP NUMBERS, PREAMBLE, AND INSURANCE. The President of the Board of Directors of the Issuer is hereby authorized to have control of the Initial Bond issued hereunder and all necessary records and proceedings pertaining to said Initial Bond pending its delivery and its investigation, examination, and approval by the Attorney General of the State of Texas, and its registration by the Comptroller of Public Accounts of the State of Texas. Upon registration of said Initial Bond said Comptroller of Public Accounts (or a deputy designated in

writing to act for said Comptroller) shall manually sign the Comptroller's Registration Certificate on said Initial Bond, and the seal of said Comptroller shall be impressed, or placed in facsimile, on said Initial Bond. The approving legal opinion of the Issuer's Co-Bond Counsel and the assigned CUSIP numbers may, at the option of the Issuer, be printed on said Initial Bond or on any Bonds issued and delivered in conversion of and exchange or replacement of any Bond, but neither shall have any legal effect, and shall be solely for the convenience and information of the registered owners of the Bonds. The preamble to this Resolution is hereby adopted and made a part hereof for all purposes. If insurance is obtained by the Underwriter (as defined in Section 31 hereof) on any of the Bonds, the Initial Bond and all the Bonds so insured shall bear an appropriate legend concerning insurance as provided by the insurer.

Section 27. COVENANTS REGARDING TAX EXEMPTION. The provisions of this Section 27 shall apply to the Bonds only if the Bonds are issued as tax-exempt obligations as designated in the Approval Certificate. (a) Covenants. The Issuer covenants to refrain from any action which would adversely affect, or to take such action to assure, 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:

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

(2) to take any action to assure that in the event that the "private business use" described in subsection (a) hereof exceeds five percent of the proceeds of the Bonds or the projects financed therewith (less amounts deposited into a reserve fund, if any) then the amount in excess of five 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;

(3) to take any action to assure that no amount which is greater than the lesser of \$5,000,000, or five 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;

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

(5) 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;

(6) 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 --

(A) proceeds of the Bonds invested for a reasonable temporary period of 3 years or less or, in the case of a refunding bond, for a period of 90 days or less until such proceeds are needed for the purpose for which the Bonds are issued,

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

(C) 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;

(7) 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);

(8) to refrain from using the proceeds of the Bonds or proceeds of any prior bonds to pay debt service on another issue more than 90 days after the date of issue of the Bonds in contravention of the requirements of section 149(d) of the Code (relating to advance refundings); and

(9) 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.

(b) Rebate Fund. In order to facilitate compliance with the above covenant (a)(9), 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.

(c) Compliance with Code. For purposes of the foregoing covenants, 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 refunding 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 that modify or expand provisions of the Code, as applicable to the Bonds, the Issuer will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of nationally recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on the under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated that impose additional requirements applicable to the Bonds, the Issuer agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally recognized bond counsel, to preserve the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In furtherance of such intention, the Issuer hereby authorizes and directs the President of the Board of Directors, the Executive Director, Deputy Director - Administrative Services and Assistant Deputy - Finance to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of the Issuer, that may be permitted by the Code as are consistent with the purpose for the issuance of the Bonds.

(d) Written Procedures. Unless superseded by another action of the Issuer to ensure compliance with the covenants contained herein regarding private business use, remedial actions, arbitrage and rebate, the Issuer hereby adopts and establishes the instructions attached hereto as Exhibit A as their written procedures applicable to the Bonds and any Additional Bonds.

Section 28. **ALLOCATION OF, AND LIMITATION ON, EXPENDITURES FOR THE PROJECT.** If the Bonds are issued on a tax-exempt basis, the Issuer covenants to account for the expenditure of sale proceeds and investment earnings to be used for the purposes described in Section 1 of this Resolution (the "Project") on its books and records by allocating proceeds to expenditures within 18 months of the later of the date that (1) the expenditure is made, or (2) the Project is completed. The foregoing notwithstanding, the Issuer shall not expend sale proceeds or investment earnings thereon more than 60 days after the earlier of (1) the fifth anniversary of the delivery of the Bonds, or (2) the date the Bonds are retired, unless the Issuer obtains an opinion of nationally-recognized bond counsel that such expenditure will not adversely affect the tax-exempt status of the Bonds. For purposes hereof, the Issuer shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

Section 29. **DISPOSITION OF PROJECT.** If the Bonds are issued on a tax-exempt basis, the Issuer covenants that the property constituting the Project refinanced by the Bonds will not be sold or otherwise disposed in a transaction resulting in the receipt by the Issuer of cash or other compensation, unless the Issuer obtains an opinion of nationally-recognized bond counsel that such sale or other disposition will not adversely affect the tax-exempt status of the Bonds. For purposes of the foregoing, the portion of the property comprising personal property and disposed in the ordinary course shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes hereof, the Issuer shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

Section 30. CONTINUING DISCLOSURE UNDERTAKING.

(a) Annual Reports.

Pursuant to the Contracts by and among the Issuer and the Member Cities, the Issuer and the Member Cities have agreed for the benefit of the beneficial owners of the Bonds, to the extent set forth therein, to file, or provide to the Issuer for filing, continuing disclosure of financial information and operating data with respect to the Issuer and any Significant Obligated Person and notices of certain events in accordance with the Rule as promulgated by the SEC.

The Issuer shall provide annually to the MSRB, (1) within six months after the end of each fiscal year ending in or after 2022, financial information and operating data of the general type included in the final Official Statement authorized by Section 32 of this Resolution, (i) with respect to the Issuer, in tables numbered 1 through 5, (2) when and if available, audited financial statements of the Issuer. Any financial statements so to be provided shall be prepared in accordance with generally accepted accounting principles or such other accounting principles as the Issuer may be required to employ from time to time pursuant to state law or regulation. If the audit of such financial statements of the Issuer is not complete within 12 months after the respective fiscal year end, then the Issuer shall provide unaudited financial statements within such 12-month period and audited financial statements when and if the audit report on such statements become available.

If the Issuer changes its fiscal year, the Issuer will notify the MSRB of the change (and of the date of the new fiscal year end) prior to the next date by which the Issuer otherwise would be required to provide financial information and operating data pursuant to this Section.

The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document, if it is available from the MSRB) that theretofore has been provided to the MSRB or filed with the SEC.

(b) Event Notices.

The Issuer shall notify the MSRB, in a timely manner, of any of the following events with respect to the Bonds, not in excess of ten Business Days after occurrence of the event:

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. If the Bonds are issued as tax-exempt obligations, 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 security, or other material events affecting the tax status of the security;

7. Modifications to the rights of security holders, if material;

8. Bond calls, if material, and tender offers;

9. Defeasances;

10. Release, substitution or sale of property securing repayment of the securities, if material;

11. Rating changes;

12. Bankruptcy, insolvency, receivership or similar event of the Issuer or a Significant Obligated Person;

13. The consummation of a merger, consolidation, or acquisition involving the Issuer or a Significant Obligated Person or the sale of all or substantially all of the assets of the Issuer or a Significant Obligated Person, 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 or additional trustee or the change of name of a trustee, if material.

15. Incurrence of a Financial Obligation of the Issuer or a Significant Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer or a Significant Obligated Person, any of which affect security holders, if material; and

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer or a Significant Obligated Person, any of which reflect financial difficulties.

For these purposes, any event described in the immediately preceding paragraph (12) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Issuer in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and

officials or officers of the Issuer in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer, and “Financial Obligation” for purposes of paragraph 15 and 16, shall have the meaning ascribed to it below.

The Issuer or a Significant Obligated Person shall notify, in an electronic format as prescribed by the MSRB, the MSRB, in a timely manner, of any failure by the Issuer or any such Significant Obligated Person, as the case may be, to provide financial information or operating data in accordance with Section 30 of this Resolution by the time required by such Section. If a Significant Obligated Person provides the Issuer with its financial information and operating data and/or notice of any events described in (b) above within the time frame for filing, the Issuer will cause such information to be filed with the MSRB.

(c) Limitations, Disclaimers, and Amendments.

The Issuer shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the Issuer remains a "Significant Obligated Person" with respect to the Bonds, except that the Issuer in any event will give notice of any deposit made in accordance with Section 21 hereof that causes Bonds no longer to be Outstanding.

The provisions of this Section are for the sole benefit of the Holders and beneficial owners of the Bonds, and nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The Issuer undertakes to provide or cause to be provided only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section and does not hereby undertake to provide or cause to be provided any other information that may be relevant or material to a complete presentation of the Issuer's financial results, condition or prospects or hereby undertake to update any information provided in accordance with this Section or otherwise, except as expressly provided herein. The Issuer does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

**UNDER NO CIRCUMSTANCES SHALL THE ISSUER BE LIABLE TO THE HOLDER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE ISSUER, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.**

No default by the Issuer in observing or performing its obligations under this Section shall comprise a breach of or default under this Resolution for purposes of any other provision of this Resolution.

Nothing in this Section is intended or shall act to disclaim, waive, or otherwise limit the duties of the Issuer under federal and state securities laws.

Should the Rule be amended to obligate the Issuer to make filings with or provide notices to entities other than the MSRB, the Issuer hereby agrees to undertake such obligation with respect to the Bonds in accordance with the Rule as amended. The provisions of this Section may be amended by the Issuer 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 identify, nature, status, or type of operations of the Issuer, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well s such changed circumstances and (2) either (a) the Holders of a majority in aggregate principal amount (or any greater amount required by any other provision of this Resolution that authorizes such an amendment) of the outstanding Bonds consent to such amendment or (b) a Person that is unaffiliated with the Issuer (such as nationally recognized bond counsel) determined that such amendment will not materially impair the interest of the Holders and beneficial owners of the Bonds. If the Issuer so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided in accordance with Subsection (a) hereof an explanation, in narrative form, of the reason for the amendment and of the impact of any change in the type of financial information or operating data so provided. The Issuer may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision 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.

(d) Definitions.

As used in this Section, the following terms have the meanings ascribed to such terms below:

*"Financial Obligation"* means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that "Financial Obligation" shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

*"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 and any successor to its duties.

*"Significant Obligated Person"* means, at any point in time, any Member City or other party contracting with the Issuer, in either case whose payments to the Issuer for the use of or service from

the System in the calendar year preceding any such determination exceeded 10% of the Gross Revenues of the System.

Section 31. **SALE OF BONDS.** Pursuant to the authorizations in Section 3 hereof, as approved by the Authorized Officer, the Bonds may be sold either pursuant to the taking of bids therefor as provided in the Official Notice of Sale or pursuant to a purchase agreement (the "Purchase Agreement") with a purchaser or purchasers (collectively, the "Underwriters") to be approved by the Authorized Officer, and any supplements thereto which may be necessary to accomplish the issuance of Bonds. Such Purchase Agreement is hereby authorized to be dated, executed and delivered on behalf of the Issuer by an Authorized Officer, with such changes therein as shall be approved by the Authorized Officer, the execution thereof by the Authorized Officer to constitute evidence of such approval. The delegation of authority to the Authorized Officer to approve the final terms of the Bonds as set forth in this Resolution is, and the decisions made by the Authorized Officer pursuant to such delegated authority will be, in the best interests of the Issuer, and the Authorized Officer is authorized to make a finding to such effect in the Approval Certificate.

Section 32. **APPROVAL OF OFFICIAL STATEMENT.** A Preliminary Official Statement relating to the Bonds, will be approved and authorized to be distributed to prospective investors and other interested parties in connection with the underwriting and sale of the Bonds, with such changes therein as shall be approved by an Authorized Officer, including such changes as are necessary for distribution as a final Official Statement. The use and distribution by the Underwriters of the Official Statement relating to the Bonds, is hereby approved. For the purpose of review by the Underwriters prior to purchasing the Bonds, an Authorized Officer may deem said Preliminary Official Statement to have been "final as of its date" within the meaning of Securities and Exchange Commission Rule 15c2-12.

Section 33. **REFUNDING OF REFUNDED BONDS.** (a) The Refunded Bonds shall be paid upon the earlier of their stated maturity dates or the earliest redemption dates for which notice of redemption can be given pursuant to the Master Resolution, in each case at a price of par plus accrued interest to the date of payment. As soon as practicable after sale of the Bonds, appropriate notices of redemption shall be delivered to the paying agent/registrars for the Refunded Bonds to notify, in accordance with the requirements of the Master Resolution, the owners of the Refunded Bonds of the call for redemption thereof.

(b) Concurrently with the delivery of the Bonds, the Issuer shall cause to be deposited an amount from the proceeds from the sale of the Bonds, together with, to the extent necessary, available funds of the Issuer, with the paying agent/registrars for the Refunded Bonds, sufficient to provide for the refunding and redemption, on the date or dates fixed for redemption, of all of the Refunded Bonds, in accordance with Subchapter C of Chapter 1207, Texas Government Code, as amended. The President of the Board of Directors of the Issuer and the Vice President/Secretary of the Board of Directors of the Issuer are hereby authorized, for and on behalf of the Issuer, to execute a Deposit Agreement in substantially the form set forth in Exhibit D hereto to accomplish such purpose. In addition, the Authorized Officer is authorized to transfer and deposit such cash from available funds (including surplus funds in the Interest and Redemption Fund and/or the Reserve Fund), as may be necessary for the Payment Account described in such Deposit Agreement.

It is hereby found and determined that the refunding of the Refunded Bonds, which consist of bonds in an extendable commercial paper mode, makes it impracticable to determine the maximum amount by which the aggregate amount of payments to be made under the Bonds exceeds the aggregate amount of payments that would have been made under the terms of the Refunded Bonds for purposes of Section 1207.008(a)(2), Texas Government Code.

Section 34. **ATTORNEY GENERAL FEES.** The Issuer hereby authorizes and directs payment, from legally available funds of the Issuer, of the nonrefundable examination fee of the Attorney General of the State of Texas required by Section 1202.004, Texas Government Code, as amended.

Section 35. **FURTHER PROCEDURES.** The President and the Secretary of the Board of Directors and the Executive Director, Deputy Director - Administrative Services, and the Assistant Deputy - Finance 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 on behalf of the Issuer all such instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Resolution, and all details in connection therewith. In case any officer whose signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

Section 36. **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.

Section 37. **PUBLIC NOTICE.** It is hereby officially found and determined that public notice of the time, place and purpose of said meeting was given, all as required by the Government Code, Chapter 551.

Section 38. **EFFECTIVENESS.** This Resolution shall be effective from the date and after the date of adoption by the Issuer; provided, however, if the Bonds authorized by this Resolution are not issued prior to March 22, 2024, this Resolution shall be void ab initio and shall be of no force and effect.

## EXHIBIT "A"

### WRITTEN PROCEDURES RELATING TO CONTINUING COMPLIANCE WITH FEDERAL TAX COVENANTS

- A. Arbitrage. With respect to the investment and expenditure of the proceeds of the Bonds and any Additional Bonds (the "Obligations") the Issuer's Executive Director, Interim Executive Director, the Deputy Director - Administrative Services and Assistant Deputy - Finance (the "Responsible Persons") will :

For Obligations issued for newly acquired property or constructed property:

- instruct the appropriate person or persons that the construction, renovation or acquisition of the facilities must proceed with due diligence and that binding contracts for the expenditure of at least 5% of the proceeds of the Obligations will be entered into within 6 months of the Issue Date;
- monitor that at least 85% of the proceeds of the Obligations to be used for the construction, renovation or acquisition of any facilities are expended within 3 years of the date of delivery of the Obligations ("Issue Date");
- restrict the yield of the investments (other than those in the Reserve Fund) to the yield on the Obligations after 3 years of the Issue Date;
- monitor all amounts deposited into a sinking fund or funds, e.g., the Interest and Redemption Fund and the Reserve Fund, to assure that the maximum amount invested at a yield higher than the yield on the Obligations does not exceed an amount equal to the debt service on the Obligations in the succeeding 12 month period plus a carryover amount equal to one-twelfth of the principal and interest payable on the Obligations for the immediately preceding 12-month period;
- assure that no more than 50% of the proceeds of the Obligations are invested in an investment with a guaranteed yield for 4 years or more;
- assure that the maximum amount of the Reserve Fund invested at a yield higher than the yield on the Obligations will not exceed the lesser of (1) 10% of the original principal amount of the Obligations, (2) 125% of the average annual debt service on the Obligations measured as of the Issue Date, or (3) 100% of the maximum annual debt service on the Obligations as of the Issue Date;

For Obligations issued for refunding purposes:

- monitor the actions of the escrow agent (to the extent an escrow is funded with proceeds) to assure compliance with the applicable provisions of the escrow agreement, including with respect to reinvestment of cash balances;



For all Obligations:

- maintain any official action of the Issuer (such as a reimbursement resolution) stating its intent to reimburse itself or the City with the proceeds of the Obligations any amount expended prior to the Issue Date for the acquisition, renovation or construction of the facilities;
  - assure that the applicable information return (e.g., IRS Form 8038-G, 8038-GC, or any successor forms) is timely filed with the IRS;
  - assure that, unless excepted from rebate and yield restriction under section 148(f) of the Code, excess investment earnings are computed and paid to the U.S. government at such time and in such manner as directed by the IRS (i) at least every 5 years after the Issue Date and (ii) within 30 days after the date the Obligations are retired.
- B. Private Business Use. With respect to the use of the facilities financed or refinanced with the proceeds of the Obligations the Responsible Persons will:
- monitor the date on which the facilities are substantially complete and available to be used for the purpose intended;
  - monitor whether, at any time the Obligations are outstanding, any person, other than the Issuer or the City, the employees of the Issuer or the City, the agents of the Issuer or the City or members of the general public has any contractual right (such as a lease, purchase, management or other service agreement) with respect to any portion of the facilities;
  - monitor whether, at any time the Obligations are outstanding, any person, other than the Issuer or the City, the employees of the Issuer or the City, the agents of the Issuer or the City or members of the general public has a right to use the output of the facilities (e.g., water, gas, electricity);
  - monitor whether, at any time the Obligations are outstanding, any person, other than the Issuer or the City, the employees of the Issuer or the City, the agents of the Issuer or the City or members of the general public has a right to use the facilities to conduct or to direct the conduct of research;
  - determine whether, at any time the Obligations are outstanding, any person, other than the Issuer or the City, has a naming right for the facilities or any other contractual right granting an intangible benefit;
  - determine whether, at any time the Obligations are outstanding, the facilities are sold or otherwise disposed of; and
  - take such action as is necessary to remediate any failure to maintain compliance with the covenants contained in the resolution authorizing the Obligations.

- C. Record Retention. The Responsible Persons will maintain or cause to be maintained all records relating to the investment and expenditure of the proceeds of the Obligations and the use of the facilities financed or refinanced thereby for a period ending three (3) years after the complete extinguishment of the Obligations. If any portion of the Obligations is refunded with the proceeds of another series of tax-exempt obligations, such records shall be maintained until the three (3) years after the refunding obligations are completely extinguished. Such records can be maintained in paper or electronic format.
- D. Responsible Persons. Each Responsible Person shall receive appropriate training regarding the Issuer's accounting system, contract intake system, facilities management and other systems necessary to track the investment and expenditure of the proceeds and the use of the facilities financed with the proceeds of the Obligations. The foregoing notwithstanding, the Responsible Persons are authorized and instructed to retain such experienced advisors and agents as may be necessary to carry out the purposes of these instructions.

## EXHIBIT B

### DESCRIPTION OF ANNUAL FINANCIAL INFORMATION

The following information is referred to in Section 30 of this Resolution.

#### I. Annual Financial Statements and Operating Data of the Issuer

The financial information and operating data with respect to the Issuer to be provided annually in accordance with such Section are as specified (and included in the Appendix or under the headings of the Official Statement and Tables referred to) below:

Tables 1 through 9 in the Official Statement and in Appendix B

#### Accounting Principles

The accounting principles referred to in such Section are the accounting principles described in the notes to the financial statements referred to in paragraph 1 above.

EXHIBIT "C"

FORM OF DEPOSIT AGREEMENT

DEPOSIT AGREEMENT

THIS DEPOSIT AGREEMENT (the "Agreement"), dated as of \_\_\_\_\_, \_\_\_\_\_, made by and between North Texas Municipal Water District (the "Issuer"), a political subdivision of the State of Texas acting by and through the President and Secretary of the Board of Directors of the Issuer (the "Board"), and \_\_\_\_\_ (the "Bank"), a banking association organized and existing under the laws of the United States of America,

WITNESSETH:

WHEREAS, the Issuer has heretofore issued and delivered and there is currently outstanding the obligations described on Exhibit "A" hereto (hereinafter called the "Refunded Obligations"); and

WHEREAS, in accordance with the provisions of Chapter 1207, Texas Government Code (the "Act"), the Issuer is authorized to sell refunding bonds in an amount sufficient to provide for the full and complete payment of obligations, deposit the proceeds of such refunding bonds with the place of payment for the obligations being refunded and enter into an escrow or similar agreement with such place of payment for the safekeeping, investment, reinvestment, administration and disposition of such deposit, upon such terms and conditions as the parties may agree; and

WHEREAS, the Issuer on \_\_\_\_\_, \_\_\_\_\_, pursuant to a resolution (the "Bond Resolution") passed and adopted by the Board, authorized the issuance of bonds known as "North Texas Municipal Water District Water System Revenue ECP Refunding Bonds" (the "Bonds"), and such Bonds are being issued to refund, discharge and make final payment of the principal of and interest on the Refunded Obligations; and

WHEREAS, a portion of the proceeds of sale of the Bonds, together with other available funds of the Issuer, are to be deposited with the Bank under this Agreement, which deposit of funds will be sufficient to pay and redeem in full the Refunded Obligations on \_\_\_\_\_, (the Redemption Date);

NOW, THEREFORE, in consideration of the mutual agreements herein contained and the payment to the Bank of amounts provided in Section 8 hereof, and to secure the payment of the principal of and the interest on the Refunded Obligations, the Issuer and the Bank hereby agree as follows:

SECTION 1. A trust clearing account (hereinafter called the "Payment Account") shall be maintained at the Bank for the benefit of the holders of the Refunded Obligations, and, immediately following the delivery of the Bonds, the Issuer agrees and covenants to cause to be deposited with the Bank for the credit of the Payment Account the sum of \$\_\_\_\_\_.

The Bank agrees to establish such Payment Account and further agrees to receive said moneys, apply the same as set forth herein, and to hold uninvested the cash deposited and credited to the Payment Account for application and disbursement for the payment and redemption of the Refunded Obligations on the Redemption Date.

SECTION 2. In reliance upon the Sufficiency Certificate of Financial Advisor, a copy of which is attached hereto as Exhibit "B", the Issuer represents that the amount deposited to the credit of the Payment Account, as provided in Section 1 hereof, will be sufficient to pay and redeem in full all the Refunded Obligations on the Redemption Date, and the Bank acknowledges the sufficiency of the deposit for said purpose.

The Bank acknowledges receipt of a copy of the Bond Resolution providing for the redemption of the Refunded Obligations on the Redemption Date at the price of par and accrued interest and acknowledges receipt of the form of notice of redemption attached hereto. The Bank will give the notice of redemption as required by the order authorizing the issuance of the Refunded Bonds.

SECTION 3. The Bank agrees that all funds held in the Payment Account shall constitute a dedicated interest and sinking fund for the payment of the principal of and interest on the Refunded Obligations which will mature and become due on and after the date of this Agreement, such funds deposited to the credit of the Payment Account shall be applied solely in accordance with the provisions of this Agreement and the Issuer shall have no right or title with respect thereto, except as otherwise provided herein. Such funds shall not be subject to checks or drafts drawn by the Issuer.

SECTION 4. If, for any reason, the funds on hand in the Payment Account shall be insufficient to pay the redemption price of the Refunded Obligations on the Redemption Date, notice of any such insufficiency shall be immediately given by the Bank to the Issuer by the fastest means possible.

SECTION 5. The Bank represents that the deposit covered by this Agreement shall constitute firm banking arrangements to insure payment of the Refunded Obligations and such deposit is collateralized to insure against any loss or diminution by virtue of any action of the Bank or as a result of its lack of financial integrity by a pledge of direct obligations of the United States of America, in the par or face amount at least equal to the principal amount of said monies to the extent such money is not insured by the Federal Deposit Insurance Corporation.

SECTION 6. The Bank, as paying agent for the Refunded Obligations, shall, without further direction from anyone, including the Issuer, cause to be paid with funds on deposit in the Payment Account the amount required to pay and redeem in full the Refunded Obligations on the Redemption Date when such obligations are presented for payment in accordance with their terms.

SECTION 7. The Bank shall have no lien whatsoever upon any of the moneys deposited to the credit of the Payment Account for payment of services rendered hereunder, services rendered as Paying Agent for the Refunded Obligations, or for any costs or expenses incurred hereunder and reimbursable from the Issuer.

SECTION 8. Moneys on deposit in the Payment Account shall be held uninvested pending the disbursement of moneys. In consideration for the services rendered hereunder, the Issuer shall pay to the Bank the sum of \$\_\_\_\_\_. No investment of funds deposited to the credit of the Payment Account shall be made on or after the Redemption Date. Neither the Issuer nor the Bank shall invest any moneys deposited in the Payment Account.

SECTION 9. The Bank hereby agrees that the compensation noted in Section 8 is full and complete payment for the administration of this Agreement, and the Bank acknowledges and agrees that such amount is and represents the total amount of compensation due the Bank for services rendered as paying agent for the Refunded Obligations. The Bank hereby agrees to pay, assume and be fully responsible for any additional charges that it may incur in the performance of its duties and responsibilities as paying agent for the Refunded Obligations.

SECTION 10. The Bank shall not be responsible for any recital herein, except with respect to its organization, its powers and authority and to the safety and security of the deposit of funds to be made by the Issuer hereunder. As to the existence or nonexistence of any fact relating to the Issuer or as to the sufficiency or validity of any instrument, paper or proceedings relating to the Issuer, the Bank shall be entitled to rely upon a certificate signed on behalf of the Issuer by its Issuer Secretary as sufficient evidence of the facts therein contained. The Bank may accept a certificate of the Secretary of the Board under the Issuer's seal, to the effect that a resolution or other instrument in the form therein set forth has been adopted by the Board, as conclusive evidence that such resolution or other instrument has been duly adopted and is in full force and effect.

The duties and obligations of the Bank shall be determined solely by the express provisions of this Agreement, and the Bank shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Agreement, and no implied covenants or obligations shall be read into this Agreement against the Bank.

In the absence of bad faith on the part of the Bank, the Bank may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificate or opinion furnished to the Bank, conforming to the requirements of this Agreement; but notwithstanding any provision of this Agreement to the contrary, in the case of any such certificate or opinion or any evidence which by any provision hereof is specifically required to be furnished to the Bank, the Bank shall be under a duty to examine the same to determine whether it conforms to the requirements of this Agreement.

The Bank shall not be liable for any error of judgment made in good faith by a Responsible Officer or Officers of the Bank unless it shall be proved that the Bank was negligent in ascertaining or acting upon the pertinent facts. The Bank shall not be responsible or liable to any person in any manner whatever for the sufficiency, correctness, genuineness, effectiveness, or validity of the deposits made pursuant to this Agreement, or for the form or execution thereof, or for the identity or authority or any person making or executing such deposits.

The term "Responsible Officers" of the Bank, as used in this Agreement, shall mean and include the Chairman of the Board of Directors, the President, any Vice President and any Second Vice President, the Secretary and any Assistant Secretary, the Treasurer and any Assistant

Treasurer, and ever other officer and assistant officer of the Bank customarily performing functions similar to those performed by the persons who at the time shall be officers, respectively, or to whom any corporate trust matter is referred, because of his knowledge of an familiarity with a particular subject; and the term "Responsible Officer" of the Bank, as used in this Agreement, shall mean and include any of said officers or persons.

SECTION 11. This Agreement is between the Issuer and the Bank only, and in connection herewith the Bank is authorized by the Issuer to rely upon the representations of the Issuer with respect to this Agreement and the deposits made pursuant hereto and as to the Issuer's right and power to execute and deliver this Agreement, and the Bank shall not be liable in any manner as a result of such reliance. The duties of the Bank hereunder shall only be to the Issuer and the holders of the Refunded Obligations. In the event conflicting demands or notices are made upon the Bank growing out of or relating to this Agreement or the Bank in good faith is in doubt as to what action should be taken hereunder, the Bank shall have the right at its election to:

(a) Withhold and stop all further proceedings in, and performance of, this Agreement with respect to the issue in question and of all instructions received hereunder in regard to such issue; and

(b) File a suit in interpleader and obtain an order from a court of appropriate jurisdiction requiring all persons involved to interplead and litigate in such court their several claims and rights among themselves.

In the event the Bank becomes involved in litigation in connection with this Section, the Issuer, to the extent permitted by law agrees to indemnify and save the Bank harmless from all loss, cost, damages, expenses and attorney fees suffered or incurred by the Bank as a result thereof. The obligations of the Bank under this Agreement shall be performable at the principal corporate office of the Bank in Dallas, Texas.

The Bank may consult with legal counsel in the event of any dispute or question regarding the construction of any of the provisions hereof or its duties hereunder, and in the absence of negligence or bad faith on the part of the Bank, no liability shall be incurred by the Bank for any action taken pursuant to this Section and the Bank shall be fully protected in acting in accordance with the opinion and instructions of legal counsel that is knowledgeable and has expertise in the field of law addressed in any such legal opinion with respect to the instructions given.

Nothing in this Agreement shall be construed to require the Bank to expend or risk its own funds in the performance of any of its duties or the exercise of any of its rights hereunder.

SECTION 12. Time shall be of the essence in the performance of obligations from time to time imposed upon the Bank by this Agreement.

SECTION 13. Following the final payment and redemption of the Refunded Obligations, the Bank shall forward by letter to the Issuer, to the attention of the President, or other designated official of the Issuer, a final accounting statement with respect to the payment and discharge of the Refunded Obligations, together with all canceled Refunded Obligations.

SECTION 14. Any notice, authorization, request or demand required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given when mailed by registered or certified mail, postage prepaid addressed as follows:

North Texas Municipal Water District  
P.O. Box 2408  
Wylie, Texas 75098

Attention: Assistant Deputy - Finance

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Attention: Corporate Trust Services

The United States Post Office registered or certified mail receipt showing delivery of the aforesaid shall be conclusive evidence of the date and fact of delivery.

Any party hereto may change the address to which notices are to be delivered by giving to the other parties not less than ten (10) days prior notice thereof.

SECTION 15. Whenever under the terms of this Agreement the performance date of any provision hereof, including the date of maturity of interest on or principal of the Refunded Obligations, shall be a Sunday or a legal holiday or a day on which the Bank is authorized by law to close, then the performance thereof, including the payment of principal of and interest on the Refunded Obligations, need not be made on such date but may performed or paid, as the case may be, on the next succeeding business day of the Bank with the same force and effect as if made on the date of performance or payment and with respect to a payment, no interest shall accrue for the period after such date.

SECTION 16. The Issuer covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Agreement, in any and every said Refunded Obligation as executed, authenticated and delivered and in all proceedings pertaining thereto as said Refunded Obligations shall have been modified as provided in this Agreement. The Issuer covenants that it is duly authorized under the Constitution and laws of the State of Texas to execute and deliver this Agreement, that all actions on its part for the payment of said Refunded Obligations as provided herein and the execution and delivery of this Agreement have been duly and effectively taken and that said Refunded Obligations and coupons in the hands of the holders and owners thereof are and will be valid and enforceable obligations of the Issuer according to the import thereof as provided in this Agreement.

SECTION 17. If any one or more of the covenants or agreements provided in this Agreement on the part of the parties to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.



SECTION 18. This Agreement shall terminate either (i) when the Refunded Obligations and coupons appertaining thereto have been paid and discharged in accordance with the provisions of this Agreement or (ii) at the expiration of four (4) years after the Redemption Date, whichever circumstance shall first occur. Subject to applicable unclaimed property laws of the State, moneys held in the Payment Account at the termination of this Agreement shall be remitted and transferred to the Issuer.

SECTION 19. Neither the Issuer nor the Bank shall assign or attempt to assign or transfer any interest hereunder or any portion of any such interest. Any such assignment or attempted assignment shall be in direct conflict with this Agreement and be without effect.

SECTION 20. This Agreement shall inure to the benefit of and be binding upon the Bank and the Issuer and their respective successors.

SECTION 21. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument. This Agreement shall be governed by the laws of the State of Texas.

IN WITNESS WHEREOF, the parties hereto have each caused this Agreement to be executed by their duly authorized officers and attested as of the date first written above.

NORTH TEXAS MUNICIPAL WATER DISTRICT

\_\_\_\_\_  
President

ATTEST:

\_\_\_\_\_  
Secretary

(Issuer Seal)

\_\_\_\_\_  
\_\_\_\_\_  
Title: \_\_\_\_\_

EXHIBIT "A"

Schedule of Refunded Obligations

# NORTH TEXAS MUNICIPAL WATER DISTRICT

MARCH 2023

ADMINISTRATIVE MEMORANDUM NO. 5892

## REGIONAL WASTEWATER SYSTEM AMENDMENT TO MASTER RESOLUTION FOR EXTENDABLE COMMERCIAL PAPER BONDS

RESOLUTION NO. 23-10

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### ACTION (*What*)

Authorize an amendment to the Master Resolution establishing the North Texas Municipal Water District Extendable Commercial Paper (ECP) Financing Program and issue Revenue ECP Bonds for the Regional Wastewater System.

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### PURPOSE (*Why*)

This action enables the District to issue bonds to refund the ECP Bonds in the event of a failed remarketing replaces the need for bank liquidity to support the ECP program.

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### RECOMMENDATION

The Executive Director and NTMWD staff recommend the Board of Directors adopt Resolution No. 23-10, *“Amending Master Resolution Establishing the North Texas Municipal Water District Regional Wastewater System Extendable Commercial Paper Financing Program and Authorizing Regional Wastewater System Revenue Bonds – Extendable Commercial Paper Mode.”*

Contracting  
Party:

N/A

Scope:

Fund Improvements to the Regional Wastewater System

Projects:

Multiple, each Capital Improvement Plan Contract will be brought to the Board for consideration.

Amount:

Not to exceed \$400,000,000. Actual amount to be determined at date of pricing.

Strategic Objective: 2.3 Rigorous Financial Management

This was an item on the March 8, 2023, Finance Committee agenda.

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DRIVER(S) FOR THIS PROJECT

<input type="checkbox"/> Regulatory Compliance	<input type="checkbox"/> Asset Condition
<input type="checkbox"/> Capacity	<input type="checkbox"/> Redundancy/Resiliency
<input type="checkbox"/> Relocation or External Requests	<input type="checkbox"/> Operational Efficiency
<input type="checkbox"/> Safety	<input checked="" type="checkbox"/> Administrative
<input type="checkbox"/> Policy	<input type="checkbox"/> Other _____

BACKGROUND

- ECP is a short-term financial instrument (notes) with maturities ranging from 1 - 90 days and then remarketed every 1 - 90 days thereafter or until repaid.
- Notes can be exempt from federal taxation.
- Allows for contract appropriation without selling debt.
- Funds are only received in requested portions to pay invoices.
- Interest is only charged on funds received, not on the full size of the ECP Program amount.
- The District can issue notes and receive funds within 1 - 2 business days.
- ECP Programs are a rolling facility; NTMWD can issue new notes, "roll" the previously issued notes to a future date or repay notes with funds on hand and /or bond proceeds.
- The liquidity is provided by the ability for the District to issue refunding bonds to pay off the ECP.
- When the ECP Program was initiated, it was noted that the amount "can be adjusted in the future".
- Due to inflation and greater than anticipated population growth, the ECP Program is being expanded to \$400,000,000.
- The actual amount of the bond sale will be determined on the date of pricing. The interest rate will be the market rate at the time of issuance.
- NTMWD bond counsel, McCall, Parkhurst, and Horton, LLP, has prepared the attached Resolution.
- Representatives from McCall, Parkhurst & Horton, LLP as well as Hilltop Securities, Inc., will be available at the Board meeting to review the documents and financing procedures.

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FUNDING

FUND(S): N/A

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# NORTH TEXAS MUNICIPAL WATER DISTRICT

## RESOLUTION NO. 23-10

### AMENDING MASTER RESOLUTION ESTABLISHING THE NORTH TEXAS MUNICIPAL WATER DISTRICT REGIONAL WASTEWATER SYSTEM EXTENDABLE COMMERCIAL PAPER FINANCING PROGRAM AND AUTHORIZING REGIONAL WASTEWATER SYSTEM REVENUE BONDS – EXTENDABLE COMMERCIAL PAPER MODE

WHEREAS, the North Texas Municipal Water District (the “District” or the “Issuer”) is a political subdivision of the State of Texas, and is a conservation and reclamation district created and functioning under Article 16, Section 59, of the Texas Constitution, pursuant to the general laws of the State of Texas, including Chapters 49 and 51, Texas Water Code, and pursuant to the provisions of Chapter 62, Acts of 1951, 52<sup>nd</sup> Legislature of Texas, Regular Session, as amended (collectively the “District Act”), and has outstanding long-term indebtedness that is rated by a nationally recognized rating agency for municipal securities in one of the four highest rating categories for long-term obligations; and

WHEREAS, the Board of Directors of the District (the “Board”) authorized the issuance and payment of up to \$150,000,000 aggregate principal amount of “North Texas Municipal Water District Wastewater System Revenue Bond – Extendable Commercial Paper Mode [(Tax-Exempt) and/or (Taxable)]” (the “ECP Bonds”) issued pursuant to the “Master Resolution Establishing the North Texas Municipal Water District Regional Wastewater System Extendable Commercial Paper Financing Program and Authorizing Regional Wastewater Revenue Bonds – Extendable Commercial Paper Mode” adopted on May 27, 2021 (the “Master Resolution”), providing for the issuance of the ECP Bonds; and

WHEREAS, the Board now desires to amend the Master Resolution to authorize the issuance and payment of up to [\$400,000,000] aggregate principal amount of the ECP Bonds; and

WHEREAS, the meeting was open to the public and public notice of the time, place and purpose of said meeting was given pursuant to Chapter 551, Texas Government Code; NOW, THEREFORE,

THE BOARD OF DIRECTORS OF THE NORTH TEXAS MUNICIPAL WATER DISTRICT HEREBY CERTIFY AS FOLLOWS:

**Section 1. Recitals; Definitions.** The statements, findings, representations, and determinations set forth in the recitals to this Resolution are hereby incorporated into and made a part of this Resolution for all purposes. Capitalized terms not defined herein have the same meaning as assigned in the Master Resolution.

**Section 2. Amendment to Master Resolution.** Pursuant to Section 6.02(a)(v) of the Master Resolution, the Master Resolution will be amended as follows in this Section. The amendment shall take effect upon the approval of the Attorney General of the State of this Resolution, and other agreements and proceedings as may be required in connection therewith, as described in Section 4 hereof. Any and all of the terms and provisions of the Master Resolution shall, except as amended hereby, remain in full force and effect.

(a) The defined term “Authorized Amount” is hereby amended and restated in its entirety as follows:

“Authorized Amount” means [\$400,000,000].

**Section 3. Dealer Agreement; Issuing and Paying Agent Agreement.**

(a) A North Texas Municipal Water District Authorized Representative, acting for and on behalf of the Issuer, is authorized to approve, enter into and carry out amendments and supplements to the Dealer Agreement dated as of June 1, 2021 (the “Dealer Agreement”), between the Issuer and J.P. Morgan Securities LLC, that are necessary or acceptable in connection with the amendment of the Master Resolution.

(b) A North Texas Municipal Water District Authorized Representative, acting for and on behalf of the Issuer, is authorized to approve, enter into and carry out amendments and supplements to the Issuing and Paying Agent Agreement dated as of June 1, 2021 (the “Issuing and Paying Agent Agreement”), between the Issuer and U.S. Bank National Association, as Issuing and Paying Agent, that are necessary or acceptable in connection with the amendment of the Master Resolution.

**Section 4. Approval of Attorney General and Fees.** The amendment to the Master Resolution herein authorized shall not become effective until the Attorney General of the State shall have approved this Resolution, and other agreements and proceedings as may be required in connection therewith, all as is required by the Acts. The Issuer hereby authorizes and directs payment, from legally available funds of the Issuer, of the nonrefundable examination fee of the Attorney General of the State of Texas required by Section 1202.004, Texas Government Code, as amended.

**Section 5. Further Procedures.** The President and Secretary, respectively, of the Board of Directors of the Issuer, the Executive Director of the Issuer, the North Texas Municipal Water District Authorized Representative, and all other officers, employees and agents of the Issuer are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to effectuate the purposes of this Resolution, the Master Resolution, the Dealer Agreement, and the Issuing and Paying Agent Agreement. In addition, the President and Secretary, the Executive Director, the North Texas Municipal Water District Authorized Representative, and Bond Counsel are hereby authorized to approve, subsequent to the date of adoption of this Resolution, any amendments to the above named documents, and any technical amendments to this Resolution as may be required by a Rating Agency as a condition to the granting or maintaining of a rating on the ECP Bonds acceptable to a North Texas Municipal Water District Authorized Representative, or as may be required by the Office of the Attorney General of the State in connection with the approval of this Resolution or to correct any ambiguity or mistake or properly or more completely document the transactions contemplated and approved by this Resolution.

**THIS RESOLUTION ADOPTED BY THE NTMWD BOARD OF DIRECTORS IN A REGULAR MEETING ON MARCH 23, 2023, IN THE ADMINISTRATIVE OFFICES OF THE NTMWD, WYLIE, TEXAS.**

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**GEORGE CRUMP, Secretary**

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**JACK MAY, President**

**(SEAL)**

# NORTH TEXAS MUNICIPAL WATER DISTRICT

MARCH 2023

ADMINISTRATIVE MEMORANDUM NO. 5893

## REGIONAL WASTEWATER SYSTEM ISSUANCE OF REFUNDING BONDS FOR EXTENDABLE COMMERCIAL PAPER BONDS

### RESOLUTION NO. 23-11

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#### ACTION (*What*)

Authorize the issuance of Refunding Bonds for the Regional Wastewater System Extendable Commercial Paper Bonds (ECP).

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#### PURPOSE (*Why*)

This action enables the District to issue bonds to refund the ECP Bonds in the event of a failed remarketing replaces the need for bank liquidity to support the ECP program.

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#### RECOMMENDATION

The Executive Director and NTMWD staff recommend the Board of Directors adopt Resolution No. 23-11, A *“Resolution Authorizing the Issuance, Sale, and Delivery of North Texas Municipal Water District Regional Wastewater System Revenue ECP Refunding Bonds, Pledging Revenues for the Payment of the Bonds, Approving an Official Statement, and Authorizing Other Instruments and Procedures Relating Thereto.”*

Contracting  
Party:

N/A

Scope:

Fund Improvements to the Regional Wastewater System

Projects:

Multiple, each Capital Improvement Plan Contract will be brought to the Board for consideration.

Amount:

Not to exceed \$400,000,000. Actual amount to be determined at date of pricing.

Strategic Objective: 2.3 Rigorous Financial Management

This was an item on the March 8, 2023, Finance Committee agenda.

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DRIVER(S) FOR THIS PROJECT

<input type="checkbox"/> Regulatory Compliance	<input type="checkbox"/> Asset Condition
<input type="checkbox"/> Capacity	<input type="checkbox"/> Redundancy/Resiliency
<input type="checkbox"/> Relocation or External Requests	<input type="checkbox"/> Operational Efficiency
<input type="checkbox"/> Safety	<input checked="" type="checkbox"/> Administrative
<input type="checkbox"/> Policy	<input type="checkbox"/> Other _____

BACKGROUND

- The limit of \$400,000,000 was determined based on the upcoming Capital Improvement Plan and may be adjusted in the future.
- The bonds to refund the ECP will not be sold until necessary and only in the event of a failed remarketing. The interest rate would be the market rate at the time of issuance.
- The actual amount of the bond sale will be determined on the date of pricing.
- NTMWD bond counsel, McCall, Parkhurst, and Horton, LLP, has prepared the attached Resolution.
- Representatives from McCall, Parkhurst & Horton, LLP as well as Hilltop Securities, Inc., will be available at the Board meeting to review the documents and financing procedures.

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FUNDING

FUND(S): N/A

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RESOLUTION 23-11

RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF NORTH TEXAS MUNICIPAL WATER DISTRICT REGIONAL WASTEWATER SYSTEM REVENUE ECP REFUNDING BONDS, PLEDGING REVENUES FOR THE PAYMENT OF THE BONDS, APPROVING AN OFFICIAL STATEMENT, AND AUTHORIZING OTHER INSTRUMENTS AND PROCEDURES RELATING THERETO

THE STATE OF TEXAS §  
COUNTIES OF COLLIN, DALLAS, KAUFMAN, AND ROCKWALL §  
NORTH TEXAS MUNICIPAL WATER DISTRICT §

WHEREAS, North Texas Municipal Water District (the "Issuer") is a political subdivision of the State of Texas, being a conservation and reclamation district created and functioning under Article 16, Section 59 of the Texas Constitution, pursuant to Chapter 62, Acts of 1951, 52nd Legislature of Texas, Regular Session, as amended (the "Act");

WHEREAS, the Board of Directors of the Issuer is authorized to issue the bonds hereinafter authorized pursuant to Chapter 30, Texas Water Code, as amended, Chapter 1371, Texas Government Code, as amended ("Chapter 1371"), and other applicable laws.

WHEREAS, among other bonds, pursuant to a Master Resolution Establishing the North Texas Municipal Water District Regional Wastewater System Extendable Commercial Paper Financing Program And Authorizing Regional Wastewater System Revenue Bonds - Extendable Commercial Paper Mode, adopted on May 27, 2021 (the "Master Resolution"), and a Resolution amending the Master Resolution adopted on March 23, 2023, the Issuer has previously authorized to be outstanding the following described junior lien bonds:

North Texas Municipal Water District Regional Wastewater System Revenue Bonds  
- Extendable Commercial Paper Mode (the "*ECP Bonds*");

WHEREAS, the Issuer now desires to authorize refunding bonds to refund all or part of the of the outstanding ECP Bonds (the "Refundable Bonds"), and those Refundable Bonds designated by the Authorized Officer in the Approval Certificate, each as defined herein, the "Refunded Bonds"; and

WHEREAS, the issuance of the Bonds (hereinafter defined) and the application of the proceeds of the Bonds to refund the Refunded Bonds, which consist of bonds in an extendable commercial paper mode, makes it impracticable to determine the maximum amount by which the aggregate amount of payments to be made under the Bonds exceeds the aggregate amount of payments that would have been made under the terms of the Refunded Bonds for purposes of Section 1207.008(a)(2), Texas Government Code; and

WHEREAS, the Issuer will authorize the Bonds pursuant to the District Act and Chapters 1207, and 1371, Texas Government Code, as amended; and

WHEREAS, the meeting was open to the public and public notice of the time, place and purpose of said meeting was given pursuant to Chapter 551, Texas Government Code.

THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF NORTH TEXAS MUNICIPAL WATER DISTRICT, THAT:

Section 1. AMOUNT AND PURPOSE OF THE BONDS. Bonds of the Issuer are hereby authorized to be issued for the purpose of obtaining funds (i) to refund a portion of the Issuer's outstanding Refundable Bonds, and (ii) to pay costs of issuance of such bonds.

Section 2. DESIGNATION OF THE BONDS. Each bond issued pursuant to this Resolution shall be designated: "NORTH TEXAS MUNICIPAL WATER DISTRICT, REGIONAL WASTEWATER SYSTEM REVENUE ECP REFUNDING BOND." Initially there shall be issued, sold, and delivered hereunder a single fully registered bond, without interest coupons, payable in installments of principal (the "Initial Bond"), but the Initial Bond may be assigned and transferred and/or converted into and exchanged for a like aggregate amount of fully registered bonds, without interest coupons, having serial maturities, and in the denomination or denominations of \$5,000 or any integral multiple of \$5,000, all in the manner hereinafter provided. The term "Bonds" as used in this Resolution shall mean and include collectively the Initial Bond and all substitute bonds exchanged therefor, as well as all other substitute bonds and replacement bonds issued pursuant hereto, and the term "Bond" shall mean any of the Bonds.

Section 3. INITIAL DATE, DENOMINATION, NUMBER, MATURITIES, INITIAL REGISTERED OWNER, AND CHARACTERISTICS OF THE INITIAL BOND. (a) As authorized by Chapters 1207, and 1371, Texas Government Code, as amended, the Executive Director, Executive Director, Deputy-Director Administrative Services and Assistant Deputy - Finance of the Issuer are each hereby designated as an "Authorized Officer" of the Issuer, and each is hereby authorized, appointed, and designated as the officer or employee of the Issuer authorized to act on behalf of the Issuer, which actions shall be evidenced by a certificate executed by such Authorized Officer (the "Approval Certificate") for a period not to extend beyond March 22, 2024, in selling and delivering the Bonds, determining which of the Refundable Bonds shall be refunded and constitute "Refunded Bonds" in this Resolution and carrying out the other procedures specified in this Resolution, including the use of a book-entry only system with respect to the Bonds and the execution of an appropriate letter of representations if deemed appropriate, the determining and fixing of the date and the date of delivery of the Bonds, any additional or different designation or title by which the Bond shall be known (including, if the Bonds are issued on a taxable basis, inclusion of an appropriate designation as such), the price at which the Bonds will be sold (but in no event less than 95% of the principal amount of the Bonds), the principal amount (not exceeding [\$400,000,000]) of the Bonds, the amount of each maturity of principal thereof, the due date of each such maturity (not exceeding thirty years from the date of the Bonds), the rate of interest, to be borne by each such maturity (but in no event to result in the net effective interest rate on the Bonds exceeding 10% per annum), the initial interest payment date, the date or dates of any optional redemption thereof, any mandatory sinking fund redemption provisions, and approving modifications to this Resolution and executing such instruments, documents and agreements as may be necessary with respect thereto, and all other matters relating to the issuance, sale and delivery of

the Bonds and the refunding of the Refunded Bonds; the Issuer acknowledges that the refunding accomplished through the issuance of the Bonds is undertaken for debt restructuring purposes.

(b) The Initial Bond is hereby authorized to be issued, sold, and delivered hereunder as a single fully registered Bond, without interest coupons, in the denomination and aggregate principal amount set forth in the Approval Certificate (not exceeding [\$400,000,000]), numbered TR-1, payable in annual installments of principal to the initial registered owner thereof or to the registered assignee or assignees of said Bond or any portion or portions thereof (in each case, the "registered owner"), with the annual installments of principal of the Initial Bond to be payable on the dates, respectively, and in the principal amounts, respectively, and may and shall be prepaid or redeemed prior to the respective scheduled due dates of installments of principal thereof, all as set forth in the Approval Certificate.

(c) The Initial Bond (i) may, and if so provided in the Approval Certificate, shall be prepaid or paid on the respective scheduled due dates of installments of principal thereof, (ii) may be assigned and transferred, (iii) may be converted and exchanged for other bonds, (iv) shall have the characteristics, and (v) shall be signed and sealed, and the principal of and interest on the Initial Bond shall be payable, all as provided, and in the manner required or indicated, in the FORM OF INITIAL BOND set forth in this Resolution.

Section 4. INTEREST. The unpaid principal balance of the Initial Bond shall bear interest from the date of delivery (the "Issue Date") of the Initial Bond to the Underwriters (as defined in Section 31 hereof) to the respective scheduled due dates, or to the respective dates of prepayment or redemption, of the installments of principal of the Initial Bond, and such interest shall be payable in the manner, at the rates, and on the dates, respectively, as provided in the Approval Certificate and the FORM OF INITIAL BOND set forth in this Resolution.

Section 5. FORM OF INITIAL BOND. The form of the Initial Bond, including the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas to be endorsed on the Initial Bond, shall be substantially as follows, with blank or bracketed information to be completed or deleted based upon the Approval Certificate:

FORM OF INITIAL BOND

NO. TR-1

\$ \_\_\_\_\_ \*

UNITED STATES OF AMERICA  
STATE OF TEXAS  
NORTH TEXAS MUNICIPAL WATER DISTRICT,  
REGIONAL WASTEWATER SYSTEM REVENUE  
ECP REFUNDING BOND [(TAXABLE)]\*\*

NORTH TEXAS MUNICIPAL WATER DISTRICT (the "Issuer"), being a political subdivision of the State of Texas, hereby promises to pay to: \_\_\_\_\_ \*  
or to the registered assignee or assignees of this Bond or any portion or portions hereof (in each

\* From Approval Certificate.

\*\* Include only if Bonds are issued on taxable basis.

case, the "registered owner") the aggregate principal amount of \_\_\_\_\_  
 \_\_\_\_\_\* in annual installments of principal due and payable  
 on \_\_\_\_\_ in each of the years, and in the respective principal amounts, as set forth in the  
 following schedule:

<u>Year*</u>	<u>Principal Amount*</u>	<u>Year*</u>	<u>Principal Amount*</u>
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and to pay interest, calculated on the basis of a 360-day year composed of twelve 30-day months,  
 from the date of initial delivery of this Bond to the Underwriters (as defined in the Bond Resolution  
 (hereinafter defined)), on the balance of each such installment of principal, respectively, from time  
 to time remaining unpaid, at the rates as follows:

<u>Year*</u>	<u>Rate*</u>	<u>Year*</u>	<u>Rate*</u>
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with said interest being payable semiannually on each \_\_\_\_\_ and \_\_\_\_\_,  
 commencing \_\_\_\_\_\*, while this Bond or any portion hereof is outstanding and unpaid.

THE INSTALLMENTS OF PRINCIPAL OF AND THE INTEREST ON this Bond are payable in lawful money of the United States of America, without exchange or collection charges. The installments of principal and the interest on this Bond are payable to the registered owner hereof through the services of THE BANK OF NEW YORK MELLON TRUST COMPANY, NATIONAL ASSOCIATION, which is the "Paying Agent/Registrar" for this Bond. Payment of all principal of and interest on this Bond shall be made by the Paying Agent/Registrar to the registered owner hereof on each principal and/or interest payment date by check, dated as of such date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the Issuer required by the resolution authorizing the issuance of this Bond (the "Bond Resolution") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such principal and/or interest payment date, to the registered owner hereof, at the address of the registered owner, as it appeared at the close of business on the 15th day of the month next preceding each such date (the "Record Date") on the Registration Books kept by the Paying Agent/ Registrar, as hereinafter

\* From Approval Certificate.

\*\* Include only if Bonds are issued on taxable basis.

described. The Issuer covenants with the registered owner of this Bond that on or before each principal and/or interest payment date for this Bond it will make available to the Paying Agent/Registrar, from the "Interest and Redemption Fund" created by the Bond Resolution, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on this Bond, when due.

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

THIS BOND has been authorized in accordance with the Constitution and laws of the State of Texas in the principal amount of \$\_\_\_\_\_\* , for the purpose of obtaining funds (i) to refund a portion of the Issuer's outstanding "North Texas Municipal Water District Regional Wastewater System Revenue Bonds - Extendable Commercial Paper Mode" and (ii) to pay costs of issuance of this Bond.

ON \_\_\_\_\_ 1, \_\_\_\_\* , or any date thereafter, the unpaid installments of principal of this Bond may be prepaid or redeemed prior to their scheduled due dates, at the option of the Issuer, with funds derived from any available source, as a whole, or in part, and, if in part, the Issuer shall select and designate the installment or installments of principal, and the amount that is to be redeemed, and if less than a whole principal installment is to be called, the Issuer shall direct the Paying Agent/Registrar to call by lot or other customary method of random selection the portion of the principal installment to be redeemed (only in an integral multiple of \$5,000), at the redemption price of the principal amount to be prepaid or redeemed, plus accrued interest to the date fixed for prepayment or redemption.

\*\*[THE PRINCIPAL INSTALLMENTS OF THIS BOND maturing on \_\_\_\_\_, \_\_\_\_\_ and \_\_\_\_\_, \_\_\_\_\_ are subject to mandatory prepayment or redemption prior to maturity in part, at a price equal to the principal amount of this Bond or portions hereof to be prepaid or redeemed plus accrued interest to the date of prepayment or redemption, on \_\_\_\_\_ in the each of years and in the amounts as follows:

Principal Installment due on \_\_\_\_\_, \_\_\_\_\_

Years

Amounts

\* From Approval Certificate.

\*\* Include only if Bonds are issued on taxable basis.

\*\* From Approval Certificate, if applicable.

Principal Installment due on \_\_\_\_\_, \_\_\_\_

Years

Amounts

The amount of any principal installment of this Bond required to be prepaid or redeemed pursuant to the operation of such mandatory prepayment or redemption provisions shall be reduced, at the option of the Issuer, by the principal amount of such principal installment of this Bond which, at least 50 days prior to the mandatory prepayment or redemption date (1) shall have been acquired by the Issuer at a price not exceeding such principal amount plus accrued interest to the date of purchase thereof, (2) shall have been purchased by the Paying Agent/Registrar at the request of the Issuer at a price not exceeding such principal amount plus accrued interest to the date of purchase, or (3) shall have been prepaid or redeemed pursuant to the optional prepayment or redemption provisions and not theretofore credited against a mandatory prepayment or redemption requirement.]

AT LEAST 30 days prior to the date fixed for any such prepayment or redemption a written notice of such prepayment or redemption shall be mailed by the Paying Agent/Registrar to the registered owner hereof. By the date fixed for any such prepayment or redemption due provision shall be made by the Issuer with the Paying Agent/Registrar for the payment of the required prepayment or redemption price for this Bond or the portion hereof which is to be so prepaid or redeemed, plus accrued interest thereon to the date fixed for prepayment or redemption. If such written notice of prepayment or redemption is given, and if due provision for such payment is made, all as provided above, this Bond, or the portion thereof which is to be so prepaid or redeemed, thereby automatically shall be treated as prepaid or redeemed prior to its scheduled due date, and shall not bear interest after the date fixed for its prepayment or redemption, and shall not be regarded as being outstanding except for the right of the registered owner to receive the prepayment or redemption price plus accrued interest to the date fixed for prepayment or redemption from the Paying Agent/Registrar out of the funds provided for such payment. The Paying Agent/Registrar shall record in the Registration Books all such prepayments or redemptions of principal of this Bond or any portion hereof.

THIS BOND, to the extent of the unpaid principal balance hereof, or any unpaid portion hereof in any integral multiple of \$5,000, may be assigned by the initial registered owner hereof and shall be transferred only in the Registration Books of the Issuer kept by the Paying Agent/Registrar acting in the capacity of registrar for the Bonds, upon the terms and conditions set forth in the Bond Resolution. Among other requirements for such transfer, this Bond must be presented and surrendered to the Paying Agent/Registrar for cancellation, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment by the initial registered owner of this Bond, or any portion or portions hereof in any integral multiple of \$5,000, to the assignee or assignees in whose name or names this Bond or any such portion or portions hereof is or are to be transferred and registered. Any instrument or instruments of assignment satisfactory to the Paying Agent/Registrar may be used to evidence the assignment of this Bond or any such portion or portions hereof by the initial registered owner hereof. A new bond or bonds payable to such assignee or assignees (which then will be the new registered owner or owners of such new Bond or Bonds) or to the initial registered owner as to any portion of

this Bond which is not being assigned and transferred by the initial registered owner, shall be delivered by the Paying Agent/Registrar in conversion of and exchange for this Bond or any portion or portions hereof, but solely in the form and manner as provided in the next paragraph hereof for the conversion and exchange of this Bond or any portion hereof. The registered owner of this Bond shall be deemed and treated by the Issuer and the Paying Agent/Registrar as the absolute owner hereof for all purposes, including payment and discharge of liability upon this Bond to the extent of such payment, and the Issuer and the Paying Agent/Registrar shall not be affected by any notice to the contrary.

AS PROVIDED above and in the Bond Resolution, this Bond, to the extent of the unpaid principal balance hereof, may be converted into and exchanged for a like aggregate principal amount of fully registered bonds, without interest coupons, payable to the assignee or assignees duly designated in writing by the initial registered owner hereof, or to the initial registered owner as to any portion of this Bond which is not being assigned and transferred by the initial registered owner, in any denomination or denominations in any integral multiple of \$5,000 (subject to the requirement hereinafter stated that each substitute bond issued in exchange for any portion of this Bond shall have a single stated principal maturity date), upon surrender of this Bond to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Bond Resolution. If this Bond or any portion hereof is assigned and transferred or converted each bond issued in exchange for any portion hereof shall have a single stated principal maturity date corresponding to the due date of the installment of principal of this Bond or portion hereof for which the substitute bond is being exchanged, and shall bear interest at the rate applicable to and borne by such installment of principal or portion thereof. Such bonds, respectively, shall be subject to redemption prior to maturity on the same dates and for the same prices as the corresponding installment of principal of this Bond or portion hereof for which they are being exchanged. No such bond shall be payable in installments, but shall have only one stated principal maturity date. AS PROVIDED IN THE BOND RESOLUTION, THIS BOND IN ITS PRESENT FORM MAY BE ASSIGNED AND TRANSFERRED OR CONVERTED ONCE ONLY, and to one or more assignees, but the bonds issued and delivered in exchange for this Bond or any portion hereof may be assigned and transferred, and converted, subsequently, as provided in the Bond Resolution. The Issuer shall pay the Paying Agent/Registrar's standard or customary fees and charges for transferring, converting, and exchanging this Bond or any portion thereof, but the one requesting such transfer, conversion, and exchange shall pay any taxes or governmental charges required to be paid with respect thereto. The Paying Agent/Registrar shall not be required to make any such assignment, 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 portion thereof called for prepayment or redemption prior to maturity, within 45 days prior to its prepayment or redemption date.

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

IT IS HEREBY certified, recited, and covenanted that this Bond has been duly and validly authorized, issued, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this



Bond have been performed, existed, and been done in accordance with law; that this Bond is a special obligation of the Issuer which, together with other outstanding bonds of the Issuer, and the interest thereon, are secured by and payable equally and ratably on a parity from a first lien on and pledge of the "Pledged Revenues" as defined in the Bond Resolution, including the Gross Revenues of the Issuer's Trinity East Fork Regional Wastewater System, and including specifically certain payments to be received by the Issuer from the Cities of Mesquite, Plano, Richardson, Allen, McKinney, Forney, Frisco, Princeton, Rockwall, Heath, Seagoville, Melissa, and the Town of Prosper, Texas, and any future Additional Member Cities, under the "Trinity East Fork Regional Wastewater System Contract", dated October 1, 1975, among the Cities of Mesquite and Plano and the Issuer, the "City of Richardson-Trinity East Fork Regional Wastewater System Contract", dated January 9, 1978, and amended as of December 1, 1985, between the City of Richardson and the Issuer, the "City of Allen-Trinity East Fork Regional Wastewater System Contract", dated August 24, 1978, between the City of Allen and the Issuer, the "City of McKinney-Trinity East Fork Regional Wastewater System Contract", dated August 23, 1979, between the City of McKinney and the Issuer, the "City of Forney - Trinity East Fork Regional Wastewater System Contract", dated February 22, 1990, between the City of Forney and the Issuer, the "City of Frisco - Trinity East Fork Regional Wastewater System Contract", dated as of November 19, 1996, between the City of Frisco and the Issuer, the "City of Princeton - Trinity East Fork Regional Wastewater System Contract", dated as of November 26, 1996, between the City of Princeton and the Issuer, the "City of Rockwall - Trinity East Fork Regional Wastewater System Contract", dated March 29, 2001, between the City of Rockwall and the Issuer, "City of Heath - Trinity East Fork Regional Wastewater System Contract", dated March 29, 2001, between the City of Heath and the Issuer, the "Town of Prosper - Trinity East Fork Regional Wastewater System Contract", dated as of February 24, 2004, between the Town of Prosper and the Issuer, and the "City of Seagoville - Trinity East Fork Regional Wastewater System Contract", dated as of February 24, 2005, between the City of Seagoville and the Issuer, and the "City of Melissa - Trinity East Fork Regional Wastewater System Contract", dated as of April 1, 2019, between the City of Melissa and the Issuer, and all similar contracts with any Additional Member Cities as permitted in said contracts.

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

THE ISSUER also has reserved the right to amend the Bond Resolution, with the approval of the owners of 51% of the outstanding bonds secured by a first lien on the Pledged Revenues, subject to the restrictions as stated in the Bond Resolution.

THE REGISTERED OWNER hereof shall never have the right to demand payment of this Bond or the interest hereon out of any funds raised or to be raised by taxation or from any source whatsoever other than specified in the Bond Resolution.

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

the terms and provisions of this Bond and the Bond Resolution constitute a contract between the registered owner hereof and the Issuer.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be signed with the manual or facsimile signature of the President of the Board of Directors of the Issuer and countersigned with the manual or facsimile signature of the Secretary of the Board of Directors of the Issuer, has caused the official seal of the Issuer to be duly impressed, or placed in facsimile, on this Bond and has caused this Bond to be dated as of \_\_\_\_\_\*.

\_\_\_\_\_  
XXXXXXXX  
Secretary, Board of Directors

\_\_\_\_\_  
XXXXXXXX  
President, Board of Directors

(DISTRICT SEAL)

\* From Approval Certificate.

FORM OF REGISTRATION CERTIFICATE OF THE  
COMPTROLLER OF PUBLIC ACCOUNTS:

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO.

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

Witness my signature and seal this

\_\_\_\_\_  
Comptroller of Public Accounts of the State of Texas

(COMPTROLLER'S SEAL)

Section 6. CHARACTERISTICS OF THE BONDS. (a) Registration, Transfer, Conversion and Exchange; Authentication. (a) The Issuer shall keep or cause to be kept at the principal corporate trust office of THE BANK OF NEW YORK MELLON TRUST COMPANY, NATIONAL ASSOCIATION, Dallas, Texas (the "Paying Agent/Registrar") books or records for the registration of the transfer, conversion and exchange of the Bonds (the "Registration Books"), and the Issuer hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such registrations of transfers, conversions and exchanges under such reasonable regulations as the Issuer and Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such registrations, transfers, conversions and exchanges as herein provided. The Paying Agent/Registrar shall obtain and record in the Registration Books the address of the registered owner of each Bond to which payments with respect to the Bonds shall be mailed, as herein provided; but it shall be the duty of each registered owner to notify the Paying Agent/Registrar in writing of the address to which payments shall be mailed, and such interest payments shall not be mailed unless such notice has been given. To the extent possible and under reasonable circumstances, all transfers of Bonds shall be made within three business days after request and presentation thereof. The Issuer shall have the right to inspect the Registration Books during regular business hours of the Paying Agent/Registrar, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity. The Paying Agent/Registrar's standard or customary fees and charges for making such registration, transfer, conversion, exchange and delivery of a substitute Bond or Bonds shall be paid as provided in the FORM OF SUBSTITUTE BOND set forth in this Resolution. Registration of assignments, transfers, conversions and exchanges of Bonds shall be made in the manner provided and with the effect stated in the FORM OF SUBSTITUTE BOND set forth in this Resolution. Each substitute Bond shall bear a letter and/or number to distinguish it from each other Bond.

An authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Bond, date and manually sign the Paying Agent/Registrar's Authentication Certificate, and no such Bond shall be deemed to be issued or outstanding unless such Certificate is so executed. The Paying Agent/Registrar promptly shall cancel all paid Bonds surrendered for conversion and exchange. No additional ordinances, orders, or resolutions need be passed or adopted by the

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

(b) Payment of Bonds and Interest. The Issuer hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of and interest on the Bonds, all as provided in this Resolution. The Paying Agent/Registrar shall keep proper records of all payments made by the Issuer and the Paying Agent/Registrar with respect to the Bonds.

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

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

notice thereof to be sent by the new Paying Agent/Registrar to each registered owner of the Bonds, by United States mail, first-class postage prepaid, which notice also shall give the address of the new Paying Agent/Registrar. By accepting the position and performing as such, each Paying Agent/Registrar shall be deemed to have agreed to the provisions of this Resolution, and a certified copy of this Resolution shall be delivered to each Paying Agent/Registrar.

(e) Reporting Requirements of Paying Agent/Registrar. To the extent required by the Code and the regulations promulgated and pertaining thereto, it shall be the duty of the Paying Agent/Registrar, on behalf of the Issuer, to report to the owners of the Bonds and the Internal Revenue Service (i) the amount of "reportable payments," if any, subject to backup withholding during each year and the amount of tax withheld, if any, with respect to payments of the Bonds and (ii) the amount of interest or amount treated as interest on the Bonds and required to be included in gross income of the owner thereof.

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

With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the Issuer and the Paying Agent/Registrar shall have no responsibility or obligation to any DTC Participant or to any person on behalf of whom such a DTC Participant holds an interest on the Bonds. Without limiting the immediately preceding sentence, the Issuer and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other person, other than a Bondholder, as shown on the Registration Books, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any other person, other than a Bondholder, as shown in the Registration Books of any amount with respect to principal of, premium, if any, or interest on, as the case may be, the Bonds. Notwithstanding any other provision of this Resolution to the contrary, the Issuer and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Bond is registered in the Registration Books as the absolute owner of such Bond for the purpose of payment of principal, premium, if any, and interest, as the case may be, with respect to such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of and interest on the Bonds only to or upon the order of the respective owners, as shown in the Registration Books as provided in this Resolution, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Issuer's obligations with respect to payment of principal of, premium, if any, and interest on, or as the case may be, the Bonds to the extent of the sum or sums so paid. No person other than an owner, as shown in the Registration Books, shall receive a Bond certificate evidencing the obligation of the Issuer to make payments of principal, premium, if any, and interest, as the case may be, pursuant to this Resolution. Upon delivery by DTC to the

Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Resolution with respect to interest checks being mailed to the registered owner at the close of business on the Record Date, the word "Cede & Co." in this Resolution shall refer to such new nominee of DTC.

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

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

Section 7. FORM OF SUBSTITUTE BONDS. The form of all Bonds issued in conversion and exchange or replacement of any other Bond or portion thereof, including the form of Paying Agent/Registrar's Certificate to be printed on each of such Bonds, and the Form of Assignment to be printed on each of the Bonds, shall be, respectively, substantially as follows, with blank or bracketed information to be completed or deleted based upon the Approval Certificate, and with such appropriate variations, omissions, or insertions as are permitted or required by this Resolution.

#### FORM OF SUBSTITUTE BOND

THE FOLLOWING TWO BRACKETED PARAGRAPHS ARE TO BE DELETED IF BOND IS NOT BOOK ENTRY ONLY:

[Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC") to the Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

As provided in the Indenture referred to herein, until the termination of the system of book-entry-only transfers through DTC, and notwithstanding any other provision of the Indenture to the contrary, this Bond may be transferred, in whole but not in part, only to a nominee of DTC, or by a nominee of DTC to DTC or a nominee of DTC, or by DTC or a nominee of DTC to any successor securities depository or any nominee thereof.]

NO. \_\_\_\_\_

PRINCIPAL AMOUNT  
\$ \_\_\_\_\_

UNITED STATES OF AMERICA  
STATE OF TEXAS  
NORTH TEXAS MUNICIPAL WATER DISTRICT,  
REGIONAL WASTEWATER SYSTEM REVENUE  
ECP REFUNDING BOND [(TAXABLE)\*]

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>ISSUE DATE</u>	<u>CUSIP NO.</u>
%	JUNE 1, _____	_____, **	

ON THE MATURITY DATE specified above NORTH TEXAS MUNICIPAL WATER DISTRICT (the "Issuer"), being a political subdivision of the State of Texas, hereby promises to pay to CEDE & CO. or to the registered assignee hereof (either being hereinafter called the "registered owner") the principal amount of \_\_\_\_\_ DOLLARS and to pay interest thereon, calculated on the basis of a 360-day year composed of twelve 30-day months, from the Issue Date specified above, to the Maturity Date specified above, or the date of redemption prior to maturity, at the interest rate per annum specified above; with interest being payable semiannually on each June 1 and December 1, commencing \_\_\_\_\_\*\*\*, except that if the date of authentication of this Bond is later than the first Record Date (hereinafter defined), such principal amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date (hereinafter defined) but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date.

THE PRINCIPAL OF AND INTEREST ON this Bond are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Bond shall be paid to the registered owner hereof upon presentation and surrender of this Bond at maturity or upon the date fixed for its redemption prior to maturity, at the principal corporate trust office of THE BANK OF NEW YORK MELLON COMPANY, NATIONAL ASSOCIATION, Dallas, Texas, which is the "Paying Agent/Registrar" for this Bond. The payment of interest on this Bond shall be

\* Include only if the Bonds are issued on a taxable basis.

\*\* From Approval Certificate

\*\*\* Date of initial delivery to the Underwriters (as defined in Section 31 hereof)

made by the Paying Agent/Registrar to the registered owner hereof on each interest payment date by check dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the Issuer required by the resolution authorizing the issuance of the Bonds (the "Bond Resolution") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the registered owner hereof, at the address of the registered owner, as it appeared at the close of business on the 15th day of the month next preceding each such date (the "Record Date") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. However, notwithstanding the foregoing provisions, (1) the payment of such interest may be made by any other method acceptable to the Paying Agent/Registrar and requested by, and at the risk and expense of, the registered owner hereof and (2) upon the written request, and at the risk and expense of, the registered owner of any Bond of this Series in the amount of \$1,000,000 or more, delivered to the Paying Agent/Registrar not less than 15 days prior to any interest payment date, payment of the interest due on such Bond on such date shall be paid on such date by wire transfer to any designated account in the United States of America which has available to it the wire service facilities of the Federal Reserve Bank. Any accrued interest due upon the redemption of this Bond prior to maturity as provided herein shall be paid to the registered owner at the principal corporate trust office of the Paying Agent/Registrar upon presentation and surrender of this Bond for redemption and payment at the principal corporate trust office of the Paying Agent/Registrar. The Issuer covenants with the registered owner of this Bond that on or before each principal payment date, interest payment date, and accrued interest payment date for this Bond it will make available to the Paying Agent/Registrar, from the "Interest and Redemption Fund" created by the Bond Resolution, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Bonds, when due.

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

THIS BOND is one of an issue of Bonds dated as of \_\_\_\_\_\*, \_\_\_\_\_, authorized in accordance with the Constitution and laws of the State of Texas in the principal amount of \$\_\_\_\_\_\*\* for the purpose of obtaining funds (i) to refund a portion of the Issuer's outstanding "North Texas Municipal Water District Regional Wastewater System Revenue Bonds - Extendable Commercial Paper Mode" and (ii) to pay costs of issuance of the Bonds.

ON \_\_\_\_\_, \_\_\_\_\_,\* or any date thereafter, the outstanding Bonds may be redeemed prior to their scheduled maturities, at the option of the Issuer, with funds derived from any available source, as a whole, or in part, and, if in part, the Issuer shall select and designate the maturity, or maturities, and the amount that is to be redeemed, and if less than a whole maturity is to be redeemed, the Issuer shall direct the Paying Agent/Registrar to call by lot or other customary method of random selection the Bonds or portions thereof to be redeemed (provided that the Bonds to be

\* From Approval Certificate.

\*\* From Approval Certificate, if applicable.



redeemed only in integral multiples of \$5,000), at the redemption price of the principal amount of the Bonds to be redeemed, plus accrued interest to the date fixed for redemption.

\*\*[THE BONDS maturing on \_\_\_\_\_, \_\_\_\_ and \_\_\_\_\_, \_\_\_\_ (the "Term Bonds") are subject to mandatory redemption prior to maturity in part, by lot or other customary random method selected by the Paying Agent/Registrar, at a redemption price equal to the principal amount of the Term Bonds or portions thereof to be redeemed plus accrued interest to the redemption date, on \_\_\_\_\_ in each of the years and in the principal amounts as follows:

Term Bonds maturing on \_\_\_\_\_, \_\_\_\_

<u>Years</u>	<u>Amounts</u>
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Term Bonds maturing on \_\_\_\_\_, \_\_\_\_

<u>Years</u>	<u>Amounts</u>
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The principal amount of the Term Bonds of a maturity required to be redeemed pursuant to the operation of such mandatory redemption provisions shall be reduced, at the option of the Issuer, by the principal amount of the Term Bonds of such maturity which, at least 50 days prior to the mandatory redemption date (1) shall have been acquired by the Issuer at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, (2) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the Issuer at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase, or (3) shall have been redeemed pursuant to the optional redemption provisions and not theretofore credited against a mandatory redemption requirement.]

DURING ANY PERIOD in which ownership of the Bonds is determined by a book entry at a securities depository for the Bonds, if fewer than all of the Bonds of the same maturity and bearing the same interest rate are to be redeemed, the particular Bonds of such maturity and bearing such interest rate shall be selected in accordance with the arrangements between the Issuer and the securities depository.

AT LEAST 30 days prior to the date fixed for any redemption of Bonds or portions thereof prior to maturity at the option of the Issuer, 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 appearing on the Registration Books at the close of business on the day next preceding the date of mailing of such notice; provided, however, that any notice so mailed shall be conclusively presumed

\* From Approval Certificate.

\*\* From Approval Certificate, if applicable.

to have been duly given and the failure to receive such notice, or any defect therein shall not affect the validity or effectiveness of the proceedings for the redemption of any Bond at the option of the Issuer. 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, plus accrued interest thereon to the date fixed for redemption. If such written notice of redemption is mailed 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 plus accrued interest from the Paying Agent/Registrar out of the funds provided for such payment. If a portion of any Bond shall be redeemed a substitute Bond or Bonds having the same maturity date, bearing interest at the same rate, in any denomination or denominations in any integral multiple of \$5,000, at the written request of the registered owner, and in aggregate principal amount equal to the unredeemed portion thereof, will be issued to the registered owner upon the surrender thereof for cancellation, at the expense of the Issuer, all as provided in the Bond Resolution.

THIS BOND OR ANY PORTION OR PORTIONS HEREOF IN ANY INTEGRAL MULTIPLE OF \$5,000 may be assigned and shall be transferred only in the Registration Books of the Issuer kept by the Paying Agent/Registrar acting in the capacity of registrar for the Bonds, upon the terms and conditions set forth in the Bond Resolution. Among other requirements for such assignment and transfer, this Bond must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Bond or any portion or portions hereof in any integral multiple of \$5,000 to the assignee or assignees in whose name or names this Bond or any such portion or portions hereof is or are to be transferred and registered. The form of Assignment printed or endorsed on this Bond shall be executed by the registered owner or its duly authorized attorney or representative, to evidence the assignment hereof. A new Bond or Bonds payable to such assignee or assignees (which then will be the new registered owner or owners of such new Bond or Bonds), or to the previous registered owner in the case of the assignment and transfer of only a portion of this Bond, may be delivered by the Paying Agent/Registrar in conversion of and exchange for this Bond, all in the form and manner as provided in the next paragraph hereof for the conversion and exchange of other Bonds. The Issuer shall pay the Paying Agent/Registrar's standard or customary fees and charges for making such transfer, but the one requesting such transfer shall pay any taxes or other governmental charges required to be paid with respect thereto. The Paying Agent/Registrar shall not be required to make transfers of registration of this Bond or any portion hereof (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 45 days prior to its redemption date. The registered owner of this Bond shall be deemed and treated by the Issuer and the Paying Agent/Registrar as the absolute owner hereof for all purposes, including payment and discharge of liability upon this Bond to the extent of such payment, and the Issuer and the Paying Agent/Registrar shall not be affected by any notice to the contrary.

ALL BONDS OF THIS SERIES are issuable solely as fully registered bonds, without interest coupons, in the denomination of any integral multiple of \$5,000. As provided in the Bond Resolution, this Bond, or any unredeemed portion hereof, may, at the request of the registered owner or the assignee or assignees hereof, be converted into and exchanged for a like aggregate principal amount of fully registered bonds, without interest coupons, payable to the appropriate registered owner, assignee, or assignees, as the case may be, having the same maturity date, and bearing interest at the same rate, in any denomination or denominations in any integral multiple of \$5,000 as requested in writing by the appropriate registered owner, assignee, or assignees, as the case may be, upon surrender of this Bond to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Bond Resolution. The Issuer shall pay the Paying Agent/Registrar's standard or customary fees and charges for transferring, converting, and exchanging any Bond or any portion thereof, but the one requesting such transfer, conversion, and exchange shall pay any taxes or governmental charges required to be paid with respect thereto as a condition precedent to the exercise of such privilege of conversion and exchange. The Paying Agent/Registrar shall not be required to make any such conversion and 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 portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date.

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

IT IS HEREBY certified, recited, and covenanted that this Bond has been duly and validly authorized, issued, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this Bond have been performed, existed, and been done in accordance with law; that this Bond is a special obligation of the Issuer which, together with other outstanding bonds of the Issuer, and the interest thereon, are secured by and payable equally and ratably on a parity from a first lien on and pledge of the "Pledged Revenues" as defined in the Bond Resolution, including the Gross Revenues of the Issuer's Trinity East Fork Regional Wastewater System, and including specifically certain payments to be received by the Issuer from the Cities of Mesquite, Plano, Richardson, Allen, McKinney, Forney, Frisco, Princeton, Rockwall, Heath, Seagoville, Melissa, and the Town of Prosper, Texas, and any future Additional Member Cities, under the "Trinity East Fork Regional Wastewater System Contract", dated October 1, 1975, among the Cities of Mesquite and Plano and the Issuer, the "City of Richardson-Trinity East Fork Regional Wastewater System Contract", dated January 9, 1978, and amended as of December 1, 1985, between the City of Richardson and the Issuer, the "City of Allen-Trinity East Fork Regional Wastewater System Contract", dated August 24, 1978, between the City of Allen and the Issuer, the "City of McKinney-Trinity East Fork Regional Wastewater System Contract", dated August 23, 1979, between the City of McKinney and the Issuer, the "City of Forney - Trinity East Fork Regional Wastewater System Contract", dated February 22, 1990, between the City of Forney and the Issuer, the "City of Frisco - Trinity East Fork

Regional Wastewater System Contract", dated as of November 19, 1996, between the City of Frisco and the Issuer, the "City of Princeton - Trinity East Fork Regional Wastewater System Contract", dated as of November 26, 1996, between the City of Princeton and the Issuer, the "City of Rockwall - Trinity East Fork Regional Wastewater System Contract", dated March 29, 2001, between the City of Rockwall and the Issuer, "City of Heath - Trinity East Fork Regional Wastewater System Contract", dated March 29, 2001, between the City of Heath and the Issuer, the "Town of Prosper - Trinity East Fork Regional Wastewater System Contract", dated as of February 24, 2004, between the Town of Prosper and the Issuer, and the "City of Seagoville - Trinity East Fork Regional Wastewater System Contract", dated as of February 24, 2005, between the City of Seagoville and the Issuer, and the "City of Melissa - Trinity East Fork Regional Wastewater System Contract", dated as of April 1, 2019, between the City of Melissa and the Issuer, and all similar contracts with any Additional Member Cities as permitted in said contracts.

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

THE ISSUER also has reserved the right to amend the Bond Resolution, with the approval of the owners of 51% of the outstanding bonds secured by a first lien on the Pledged Revenues, subject to the restrictions stated in the Bond Resolution.

THE REGISTERED OWNER hereof shall never have the right to demand payment of this Bond or the interest hereon out of any funds raised or to be raised by taxation or from any source whatsoever other than as specified in the Bond Resolution.

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

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

\_\_\_\_\_  
XXXXXXXX  
Secretary, Board of Directors

\_\_\_\_\_  
XXXXXXXX  
President, Board of Directors

(DISTRICT SEAL)

FORM OF PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE  
PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

(To be executed if this Bond is not accompanied by an executed Registration Certificate of the Comptroller of Public Accounts of the State of Texas)

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

Dated THE BANK OF NEW YORK MELLON TRUST COMPANY,  
NATIONAL ASSOCIATION, Dallas, Texas

By \_\_\_\_\_  
Authorized Representative

FORM OF ASSIGNMENT

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto

Please Insert Social Security or  
Other Identifying Number of Assignee  
/ \_\_\_\_\_ /

\_\_\_\_\_  
(Name and Address of Assignee)  
the within Bond and does hereby irrevocably constitute and appoint \_\_\_\_\_  
to transfer said Bond on the books kept for registration thereof with full power of substitution in the  
premises.

Date: \_\_\_\_\_

Signature Guaranteed: \_\_\_\_\_

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever; and

NOTICE: Signature(s) must be guaranteed by an eligible guarantor institution participating in a Securities Transfer Association recognized signature guarantee program.

Section 8. ADDITIONAL DEFINITIONS. That as used in this Resolution the following terms shall have the meanings set forth below, unless the text hereof specifically indicates otherwise:

The term "Additional Bonds" shall mean the additional parity revenue bonds permitted to be authorized in the future in this Resolution.

The term "Board" shall mean the Board of Directors of the Issuer, being the governing body of the Issuer, and it is further resolved that the declarations and covenants of the Issuer contained in this Resolution are made by, and for and on behalf of the Board and the Issuer, and are binding upon the Board and the Issuer for all purposes.

The terms "Bond Resolution" and "Resolution" mean this resolution authorizing the Bonds.

The term "Bonds" means collectively the Initial Bond as described and defined in Section 2 of this Resolution, and all substitute bonds exchanged therefor as well as all other substitute and replacement bonds issued pursuant to this Resolution.

The term "Contracts" shall mean collectively the Trinity East Fork Regional Wastewater Contract dated as of October 1, 1975, among the District and the City of Mesquite, in Dallas County, Texas, and the City of Plano, in Collin County, Texas, the City of Richardson-Trinity East Fork Regional Wastewater System Contract, dated as of January 9, 1978, and amended as of December 1, 1985, between the District and the City of Richardson, in Dallas and Collin Counties, Texas, the City of Allen-Trinity East Fork Regional Wastewater System Contract, dated as of August 24, 1978, between the District and the City of Allen, in Collin County, Texas, the City of McKinney - Trinity East Fork Regional Wastewater System Contract, dated as of August 29, 1979, between the District and the City of McKinney, in Collin County, Texas, the City of Forney - Trinity East Fork Regional Wastewater System Contract, dated as of February 22, 1990, between the District and the City of Forney, in Kaufman County, Texas, the City of Frisco - Trinity East Fork Regional Wastewater System Contract, dated as of November 19, 1996, between the District and the City of Frisco, in Collin and Denton Counties, Texas, the City of Princeton - Trinity East Fork Regional Wastewater System Contract, dated as of November 26, 1996, between the District and the City of Princeton, in Collin County, Texas, the City of Rockwall - Trinity East Fork Regional Wastewater System Contract, dated as of March 29, 2001, between the District and the City of Rockwall, in Rockwall County, Texas, the City of Heath - Trinity East Fork Regional Wastewater System Contract, dated as of March 29, 2001, between the District and the City of Heath, in Rockwall County, Texas, the Town of Prosper - Trinity East Fork Regional Wastewater System Contract, dated as of February 24, 2004, between the District and the Town of Prosper, in Collin and Denton Counties, Texas, the City of Seagoville - Trinity East Fork Regional Wastewater System Contract, dated as of February 24, 2005, between the District and the City of Seagoville, Dallas and Kaufman Counties, Texas, and the City of Melissa - Trinity East Fork Regional Wastewater System Contract, dated as of April 1, 2019, between the District and the City of Melissa, in Collin County, Texas, together with all similar contracts which may be executed in the future between the District and Additional Member Cities, as defined and permitted in the aforesaid contracts.

The terms "Issuer" or "District" shall mean North Texas Municipal Water District.

The term "District's System", "Issuer's System", and "System" shall mean all of the Issuer's facilities acquired, constructed, used, or operated by the Issuer for receiving, transporting, treating, and disposing of Wastewater of and for Member Cities, pursuant to the Contract, including the contracts with Additional Member Cities (but excluding any facilities acquired or constructed with "Special Facilities Bonds" as hereinafter described, and excluding any facilities required to transport Wastewater to any Point of Entry of the System), together with any improvements, enlargements, or additions to said System facilities and any extensions, repairs, or replacements of said System facilities acquired, constructed, used, operated, or otherwise incorporated into or made a part of said System facilities in the future by the Issuer. Said terms shall include only those facilities which are acquired, constructed, used, or operated by the Issuer to provide service to Member Cities pursuant to the Contract, including the contracts with Additional Member Cities, and which, as determined by the Issuer, can economically and efficiently provide service to Member Cities. Said terms do not include any Issuer facilities which provide Wastewater services of any kind to cities, political subdivisions, or persons which are not Member Cities, nor do they in any way include or affect the Issuer's water supply system. Said terms do not include any facilities acquired or constructed by the Issuer with the proceeds from the issuance of "Special Facilities Bonds", which are hereby defined as being revenue obligations of the Issuer which are not secured by or payable from Annual Payments under the Contract, including the contracts with Additional Member Cities, but which are payable solely from other sources; but Special Facilities Bonds may be made payable from payments from any person, including any Member City, under a separate contract whereunder the facilities to be acquired or constructed are declared not to be part of the System and are not made payable from the Annual Payments as defined in the Contract, including the contracts with Additional Member Cities.

The term "Gross Revenues of the System" means all of the revenues, income, rentals, rates, fees, and charges of every nature derived by the Board or the District from the operation and/or ownership of the System, including specifically all payments constituting the "Annual Requirement" (as defined in the Contracts) (consisting of the "Operation and Maintenance Component" and the "Bond Service Component" (as such terms are defined in the Contracts)), and all other payments and amounts received by the Board or the District from the Member Cities pursuant to the Contracts, including any contracts with Additional Member Cities.

The term "Member Cities" shall mean collectively the City of Mesquite, in Dallas County, Texas, the City of Plano, in Collin County, Texas, the City of Richardson, in Dallas and Collin Counties, Texas, the City of Allen, in Collin County, Texas, the City of McKinney, in Collin County, Texas, the City of Forney, in Kaufman County, Texas, the City of Frisco, in Collin and Denton Counties, Texas, the City of Princeton, in Collin County, Texas, the City of Rockwall, in Rockwall County, Texas, the City of Heath, in Rockwall County, Texas, the Town of Prosper, in Collin and Denton Counties, Texas, the City of Seagoville, in Dallas and Kaufman Counties, Texas, and the City of Melissa, in Collin County, Texas, together with all Additional Member Cities, as defined in the Contracts.

The terms "Net Revenues of the System" shall mean all of the Gross Revenues of the System less Operation and Maintenance Expenses of the System.

The term "1976 Bond Resolution" shall mean the resolution adopted by the Board on May 27, 1976, authorizing the issuance of the "North Texas Municipal Water District Regional Wastewater System Revenue Bonds, Series 1976," the initial issuance of bonds by the Issuer to provide the System.

The term "Operation and Maintenance Expense of the System" means all costs of operation and maintenance of the System including, but not limited to, repairs and replacements, the cost of utilities, supervision, engineering, accounting, auditing, legal services, insurance premiums, and any other supplies, services, administrative costs, and equipment necessary for proper operation and maintenance of the System, payments made for the use or operation of any property, payments of fines, and payments made by the District in satisfaction of judgments or other liabilities resulting from claims not covered by District's insurance or not paid by one particular Member City arising in connection with the operation and maintenance of the System. Depreciation shall not be considered an item of Operation and Maintenance Expense.

The term "Parity Bonds" shall mean collectively the Bonds and the unpaid and unrefunded bonds out of the following described Series which will be outstanding after the issuance and delivery of the Initial Bond: North Texas Municipal Water District Regional Wastewater System Revenue Bonds, Series 2012, authorized by resolution of the Board on March 22, 2012, North Texas Municipal Water District Regional Wastewater System Revenue Bonds, Series 2013, authorized by resolution of the Board on March 28, 2013, North Texas Municipal Water District Regional Wastewater System Revenue Refunding and Improvement Bonds, Series 2015, authorized by resolution of the Board on August 27, 2015, North Texas Municipal Water District Regional Wastewater System Revenue Refunding and Improvement Bonds, Series 2016, authorized by resolution of the Board on August 25, 2016, North Texas Municipal Water District Regional Wastewater System Revenue Bonds, Series 2017, authorized by resolution of the Board on March 23, 2017, North Texas Municipal Water District Regional Wastewater System Revenue Refunding Bonds, Series 2017, authorized by resolution of the Board on November 29, 2017, North Texas Municipal Water District Regional Wastewater System Revenue Bonds, Series 2018, authorized by resolution of the Board on February 22, 2018, North Texas Municipal Water District Regional Wastewater System Revenue Bonds, Series 2019, authorized by resolution of the Board on April 25, 2019, North Texas Municipal Water District Regional Wastewater System Revenue Bonds, Series 2020, authorized by resolution of the Board on May 28, 2020, North Texas Municipal Water District Regional Wastewater System Revenue Bonds, Series 2020A, authorized by resolution of the Board on June 25, 2020, North Texas Municipal Water District Regional Wastewater System Revenue Bonds, Series 2021, authorized by resolution of the Board on January 21, 2021 and North Texas Municipal Water District Regional Wastewater System Revenue Bonds, Series 2021A, authorized by resolution of the Board on February 25, 2021.

The term "Pledged Revenues" shall mean (a) the Gross Revenues of the System and (b) any additional revenues, income, receipts, or other resources, including, without limitation, any grants, donations, or income, received or to be received from the United States Government, or any other



public or private source, whether pursuant to an agreement or otherwise, which in the future may, at the option of the District, be pledged to the payment of the Parity Bonds or Additional Bonds.

The term "year" or "fiscal year" shall mean the Issuer's fiscal year, which currently begins on October 1 of each calendar year, but which subsequently may be any other 12 month period hereafter established by the Issuer as a fiscal year for the purposes of any resolution authorizing the Bonds or any Additional Bonds.

Section 9. PLEDGE. (a) The Bonds authorized by this Resolution are hereby designated as, and shall be, "Additional Bonds" as permitted by Sections 21 and 22, respectively, of the 1976 Bond Resolution and by Sections 22 and 23, respectively, of the resolutions authorizing the Parity Bonds, and it is hereby determined, declared, and resolved that all of the Parity Bonds, including the Bonds authorized by this Resolution, are and shall be secured and payable equally and ratably on a parity, and that Sections 8 through 25 of this Resolution substantially restate and are supplemental to and cumulative of the applicable and pertinent provisions of the resolutions authorizing the issuance of the previously issued Parity Bonds, respectively, with Sections 8 through 25 of this Resolution being equally applicable to all of the Parity Bonds, including the Bonds.

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

Section 10. REVENUE FUND. There has been created and established pursuant to the 1976 Bond Resolution, and there shall be maintained at an official depository of the Issuer (which must be a member of the Federal Deposit Insurance Corporation) a separate fund to be entitled the "North Texas Municipal Water District Regional Wastewater System Revenue Bonds Revenue Fund" (hereafter called the "Revenue Fund"). All Gross Revenues of the System shall be credited to the Revenue Fund immediately upon receipt.

Section 11. INTEREST AND REDEMPTION FUND. For the sole purpose of paying the principal of and interest on all outstanding Parity Bonds and any Additional Bonds, as the same come due, there has been created and established pursuant to the 1976 Bond Resolution and shall be maintained at The Bank of New York Mellon Trust Company, National Association, a separate fund to be entitled the "North Texas Municipal Water District Regional Wastewater System Revenue Bonds Interest and Redemption Fund" (hereinafter called the "Interest and Redemption Fund").

Section 12. RESERVE FUND. There has been created and established pursuant to the Series 1976 Bond Resolution, and there shall be maintained at The Bank of New York Mellon Trust Company, National Association, a separate fund to be entitled the "North Texas Municipal Water District Regional Wastewater System Revenue Bonds Reserve Fund" (hereinafter called the "Reserve Fund"). The Reserve Fund shall be used solely for the purpose of finally retiring the last of the outstanding Parity Bonds and Additional Bonds, or for paying principal of and interest on any outstanding Parity Bonds and Additional Bonds, when and to the extent the amount in the Interest and Redemption Fund is insufficient for such purpose.

Section 13. DEPOSITS OF PLEDGED REVENUES. The Pledged Revenues shall be deposited into the Interest and Redemption Fund and the Reserve Fund when and as required by this Resolution.

Section 14. INVESTMENTS. Money in the Revenue Fund, the Interest and Redemption Fund, and the Reserve Fund established pursuant to the 1976 Bond Resolution may, at the option of the Issuer, be placed in secured time deposits or secured certificates of deposit, or be invested in direct obligations of the United States of America, obligations guaranteed or insured by the United States of America, which, in the opinion of the Attorney General of the United States, are backed by its full faith and credit or represent its general obligations, including, but not limited to, evidences of indebtedness issued, insured, or guaranteed by such governmental agencies as the Federal Land Bank, Federal Intermediate Credit Banks, Banks for Cooperatives, Federal Home Loan Banks, Government National Mortgage Association, United States Postal Service, Farmers Home Administration, Federal Home Loan Mortgage Association, Small Business Administration, Federal Housing Association, or Participation Certificates in the Federal Assets Financing Trust; provided that all such deposits and investments shall be made in such manner that the money required to be expended from any Fund will be available at the proper time or times. Such investments shall be valued in terms of current market value as of the 15th day of January of each year. Interest and income derived from such deposits and investments shall be credited to the Fund from which the deposit or investment was made. Such investments shall be sold promptly when necessary to prevent any default in connection with the Parity Bonds or Additional Bonds. No investment of any Fund shall be made in any way which would violate any provision of this Resolution, particularly with respect to any surplus in the Reserve Fund or "arbitrage bonds".

Section 15. FUNDS SECURED. Money in all Funds described in this Resolution, to the extent not invested, shall be secured in the manner prescribed by law for securing funds of the Issuer, in principal amounts at all times not less than the amounts of money credited to such Funds, respectively.

Section 16. DEBT SERVICE REQUIREMENTS. (a) Immediately after the delivery of the Initial Bond the Issuer shall deposit to the credit of the Interest and Redemption Fund, from the proceeds received from the sale and delivery of the Initial Bond, all accrued interest, if any, to be used to pay part of the interest coming due on the Bonds.

(b) The Issuer shall transfer from the Pledged Revenues and deposit to the credit of the Interest and Redemption Fund the amounts, at the times, as follows:

(1) such amounts, deposited in approximately equal monthly installments on or before the 25th day of each month hereafter as will be sufficient, together with other amounts, if any, then on hand in the Interest and Redemption Fund and available for such purpose, to pay the interest scheduled to accrue and come due on the Parity Bonds and any Additional Bonds on the next succeeding interest payment date; and

(2) such amounts, deposited in approximately equal monthly installments on or before the 25th day of each month hereafter as will be sufficient, together with other amounts, if any, then on hand in the Interest and Redemption Fund and available for such

purpose, to pay the principal scheduled to mature and come due, and/or mandatorily required to be redeemed prior to maturity, on the Parity Bonds and any Additional Bonds on the next succeeding principal payment date or mandatory redemption date.

Section 17. RESERVE REQUIREMENTS. Out of proceeds of the Bonds, there shall be deposited to the credit of the Reserve Fund an amount of money, if any, sufficient to cause the Reserve Fund to contain money and/or investments in market value equal to the average annual principal and interest requirements on all Parity Bonds which will be outstanding immediately after issuance of the Bonds (the "Required Amount"). So long as the money and investments in the Reserve Fund are at least equal to the Required Amount, no deposits shall be made to the credit of the Reserve Fund; but when and if the Reserve Fund at any time contains less than said Required Amount in market value, then, subject and subordinate to making the required deposits to the credit of the Interest and Redemption Fund, the Issuer shall transfer from Pledged Revenues and deposit to the credit of the Reserve Fund, on or before the 25th day of each month, a sum equal to 1/60th of the average annual principal and interest requirements of all then outstanding Parity Bonds, until the Reserve Fund is restored to said Required Amount. So long as the Reserve Fund contains said Required Amount, all amounts in excess of such Required Amount shall, on or before the 10th day prior to each interest payment date, be deposited to the credit of the Interest and Redemption Fund; and otherwise any earnings from the deposit and investment of the Reserve Fund shall be retained in the Reserve Fund.

Section 18. DEFICIENCIES. If on any occasion there shall not be sufficient Pledged Revenues to make the required deposits into the Interest and Redemption Fund and the Reserve Fund, then such deficiency shall be made up as soon as possible from the next available Pledged Revenues, or from any other sources available for such purpose.

Section 19. EXCESS PLEDGED REVENUES. Subject to making the required deposits to the credit of the Interest and Redemption Fund and the Reserve Fund, when and as required by this Resolution, or any Resolution authorizing the issuance of Additional Bonds, the excess Pledged Revenues first shall be used to pay the Operation and Maintenance Expenses of the System, and then, subject to paying such Operation and Maintenance Expenses of the System, may be used for any other lawful purpose.

Section 20. PAYMENT OF BONDS. On or before the last day of each May and of each November hereafter while any of the Parity Bonds or Additional Bonds are outstanding and unpaid, the Issuer shall make available to the paying agents therefor, out of the Interest and Redemption Fund or the Reserve Fund, if necessary, money sufficient to pay such interest on and such principal of the Parity Bonds and Additional Bonds as will accrue or mature on the June 1 or December 1 immediately following.

Section 21. FINAL DEPOSITS. At such times as the aggregate amount of money and investments in the Interest and Redemption Fund and the Reserve Fund are at least equal in market value to (1) the aggregate principal amount of all unpaid (unmatured and matured) outstanding Parity Bonds and Additional Bonds, plus (2) the aggregate amount of all unpaid interest, including all unpaid (unmatured and matured) outstanding interest coupons, appertaining to such Parity Bonds

and Additional Bonds, no further deposits need be made into the Interest and Redemption Fund or the Reserve Fund. In determining the amount of such Parity Bonds and Additional Bonds, and unpaid interest appertaining thereto, outstanding at any time, there shall be subtracted and excluded the amount of any such Parity Bonds and Additional Bonds, and unpaid interest appertaining thereto, which shall have been duly called for redemption and for which funds shall have been deposited with the paying agents therefor sufficient for such redemption.

Section 22. ADDITIONAL BONDS. (a) The Issuer shall have the right and power at any time and from time to time, and in one or more Series or issues, to authorize, issue, and deliver additional parity revenue bonds (herein called "Additional Bonds"), in any amounts, for any lawful purpose of relating to the System, including the refunding of any Parity Bonds or Additional Bonds. Such Additional Bonds, if and when authorized, issued, and delivered in accordance with this Resolution, shall be secured by and made payable equally and ratably on a parity with the Parity Bonds, and all other outstanding Additional Bonds, from a first lien on and pledge of the Pledged Revenues.

(b) The Interest and Redemption Fund and the Reserve Fund, established by this Resolution shall secure and be used to pay all Additional Bonds as well as the Parity Bonds. However, each Resolution under which Additional Bonds are issued shall provide and require that, in addition to the amounts required by the provisions of this Resolution and the provisions of any other Resolution or Resolutions authorizing Additional Bonds to be deposited to the credit of the Interest and Redemption Fund, the Issuer shall deposit to the credit of the Interest and Redemption Fund at least such amounts as are required for the payment of all principal of and interest on said Additional Bonds then being issued, as the same come due; and that the aggregate amount to be accumulated and maintained in the Reserve Fund shall be increased (if and to the extent necessary) to an amount not less than the average annual principal and interest requirements of all Parity Bonds and Additional Bonds which will be outstanding after the issuance and delivery of the then proposed Additional Bonds; and that the required additional amount shall be so accumulated by the deposit in the Reserve Fund of all or any part of said required additional amount in cash immediately after the delivery of the then proposed Additional Bonds, or, at the option of the Issuer, by the deposit of said required additional amount (or any balance of said required additional amount not deposited in cash as permitted above) in monthly installments, made on or before the 25th day of each month following the adoption of the Resolution authorizing the issuance of the then proposed Additional Bonds, of not less than 1/60th of said required additional amount (or 1/60th of the balance of said required additional amount not deposited in cash as permitted above).

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

(d) The principal of all Additional Bonds must be scheduled to be paid or mature on June 1 of the years in which such principal is scheduled to be paid or mature; and all interest thereon must be payable on June 1 and December 1.

Section 23. FURTHER REQUIREMENTS FOR ADDITIONAL BONDS. Additional Bonds shall be issued only in accordance with this Resolution, but notwithstanding any provisions of this Resolution to the contrary, no installment, Series, or issue of Additional Bonds shall be issued or delivered unless the President and the Secretary of the Board sign a written certificate to the effect that the Issuer is not in default as to any covenant, condition, or obligation in connection with all outstanding Parity Bonds and Additional Bonds, and the Resolutions authorizing same, and that the Interest and Redemption Fund and the Reserve Fund each contains the amount then required to be therein.

Section 24. GENERAL COVENANTS. The Issuer further covenants and agrees that:

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

(b) ISSUER'S LEGAL AUTHORITY. The Issuer is a duly created and existing conservation and reclamation district of the State of Texas pursuant to Article 16, Section 59 of the Texas Constitution, and Chapter 62, Acts of the 52nd Legislature of Texas, Regular Session, 1951, as amended (originally compiled as Vernon's Ann. Tex. Civ. St. Article 8280-141), and is duly authorized under the laws of the State of Texas to create and issue the Parity Bonds; that all action on its part for the creation and issuance of the Parity Bonds has been duly and effectively taken, and that the Parity Bonds in the hands of the holders and owners thereof are and will be valid and enforceable special obligations of the Issuer in accordance with their terms.

(c) TITLE. It has or will obtain lawful title to, or the lawful right to use and operate, the lands, buildings, and facilities constituting the System, that it warrants that it will defend, the title to or lawful right to use and operate, all the aforesaid lands, buildings, and facilities, and every part thereof, for the benefit of the holders and owners of the Parity Bonds and Additional Bonds against the claims and demands of all persons whomsoever, that it is lawfully qualified to pledge the Pledged Revenues to the payment of the Parity Bonds and Additional Bonds in the manner prescribed herein, and has lawfully exercised such rights.

(d) LIENS. It will from time to time and before the same become delinquent pay and discharge all taxes, assessments, and governmental charges, if any, which shall be lawfully imposed upon it, or the System, that it will pay all lawful claims for rents, royalties, labor, materials, and

supplies which if unpaid might by law become a lien or charge thereon, the lien of which would be prior to or interfere with the liens hereof, so that the priority of the liens granted hereunder shall be fully preserved in the manner provided herein, and that it will not create or suffer to be created any mechanic's, laborer's, materialman's, or other lien or charge which might or could be prior to the liens hereof, or do or suffer any matter or thing whereby the liens hereof might or could be impaired; provided, however, that no such tax, assessment, or charge, and that no such claims which might be used as the basis of a mechanic's, laborer's, materialman's, or other lien or charge, shall be required to be paid so long as the validity of the same shall be contested in good faith by the Board.

(e) OPERATION OF SYSTEM. While the Parity Bonds or any Additional Bonds are outstanding and unpaid it will cause the System to be continuously and efficiently operated and maintained in good condition, repair, and working order, and at a reasonable cost.

(f) FURTHER ENCUMBRANCE. While the Parity Bonds or any Additional Bonds are outstanding and unpaid, the Issuer shall not additionally encumber the Pledged Revenues in any manner, except as permitted in this Resolution in connection with Additional Bonds, unless said encumbrance is made junior and subordinate in all respects to the liens, pledges, covenants, and agreements of this Resolution and any resolution authorizing the issuance of Additional Bonds; but the right of the Issuer and the Board to issue revenue bonds payable from a subordinate lien on the Pledged Revenues is specifically recognized and retained.

(g) SALE OF PROPERTY. While the Parity Bonds or any Additional Bonds are outstanding and unpaid, the Issuer will maintain its current legal corporate status as a conservation and reclamation district, and the Issuer shall not sell, convey, mortgage, or in any manner transfer title to, or lease, or otherwise dispose of the entire System, or any significant or substantial part thereof; provided that whenever the Issuer deems it necessary to dispose of any machinery, fixtures, and equipment, it may sell or otherwise dispose of such machinery, fixtures, and equipment when it has made arrangements to replace the same or provide substitutes therefor, unless it is determined by the Issuer that no such replacement or substitute is necessary.

(h) INSURANCE. (1) It will cause to be insured such parts of the System as would usually be insured by corporations operating like properties, with a responsible insurance company or companies, against risks, accidents, or casualties against which and to the extent insurance is usually carried by corporations operating like properties, including fire and extended coverage insurance. Public liability and property damage insurance shall also be carried unless the general counsel for Issuer, or the Attorney General of Texas, gives a written opinion to the effect that the Issuer, the Board, and its officers and employees, are not liable for claims which would be protected by such insurance. At any time while any contractor engaged in construction work shall be fully responsible therefor, the Issuer shall not be required to carry insurance on the works being constructed, but the contractor shall be required to carry appropriate insurance. All such policies shall be open to the inspection of the Bondholders and their representatives at all reasonable times.

(2) Upon the happening of any loss or damage covered by insurance from one or more of said causes, the Issuer shall make due proof of loss and shall do all things necessary or desirable to cause the insuring companies to make payment in full directly to the Issuer. The proceeds of

insurance covering such property, together with any other funds necessary and available for such purpose, shall be used forthwith by the Issuer for repairing the property damaged or replacing the property destroyed; provided, however, that if said insurance proceeds and other funds are insufficient for such purpose, then said insurance proceeds pertaining to the System shall be used promptly as follows:

(a) for the redemption prior to maturity of the Parity Bonds and Additional Bonds, if any, ratably in the proportion that the outstanding principal of each Series or issue of Parity Bonds or Additional Bonds bears to the total outstanding principal of all Parity Bonds and Additional Bonds; provided that if on any such occasion the principal of any such Series or issue is not subject to redemption, it shall not be regarded as outstanding in making the foregoing computation; or

(b) if none of the outstanding Parity Bonds or Additional Bonds is subject to redemption, then for the purchase on the open market and retirement of said Parity Bonds and Additional Bonds, in the same proportion as prescribed in the foregoing clause (a), to the extent practicable; provided that the purchase price for any such Parity Bond or Additional Bonds shall not exceed the redemption price of such Parity Bond or Additional Bond on the first date upon which it becomes subject to redemption; or

(c) to the extent that the foregoing clauses (a) and (b) cannot be complied with at the time, the insurance proceeds, or the remainder thereof, shall be deposited in a special and separate trust fund, at an official depository of the Issuer, to be designated the Insurance Account. The Insurance Account shall be held until such time as the foregoing clauses (a) and/or (b) can be complied with, or until other funds become available which, together with the Insurance Account, will be sufficient to make the repairs or replacements originally required, whichever of said events occurs first.

(3) The annual audit hereinafter required shall contain a list of all such insurance policies carried, together with a statement as to whether or not all insurance premiums upon such policies have been paid.

(i) **RATE COVENANT.** It will fix, establish, maintain, and collect such rentals, rates, charges, and fees for the use and availability of the System as are necessary to produce Gross Revenues of the System sufficient, together with any other Pledged Revenues, (a) to make all payments and deposits required to be made into the Interest and Redemption Fund, and to maintain the Reserve Fund, as required by the resolutions authorizing all Parity Bonds and Additional Bonds, and (b) to pay all Operation and Maintenance Expenses of the System.

(j) **RECORDS.** Proper books of record and account will be kept in which full, true, and correct entries will be made of all dealings, activities, and transactions relating to the System, the Pledged Revenues, and all Funds described in this Resolution; and all books, documents, and vouchers relating thereto shall at all reasonable times be made available for inspection upon request of any bondholder.

(k) AUDITS. Each year while any of the Parity Bonds or Additional Bonds are outstanding, an audit will be made of its books and accounts relating to the System and the Pledged Revenues by an independent certified public accountant or an independent firm of certified public accountants. As soon as practicable after the close of each year, and when said audit has been completed and made available to the Issuer, a copy of such audit for the preceding year shall be mailed to the Municipal Advisory Council of Texas and to any bondholders who shall so request in writing. Such annual audit reports shall be open to the inspection of the bondholders and their agents and representatives at all reasonable times.

(l) GOVERNMENTAL AGENCIES. It will comply with all of the terms and conditions of any and all agreements applicable to the System and the Parity Bonds or Additional Bonds entered into between the Issuer and any governmental agency, and the Issuer will take all action necessary to enforce said terms and conditions; and the Issuer will obtain and keep in full force and effect all franchises, permits, and other requirements necessary with respect to the acquisition, construction, operation, and maintenance of the System.

(m) CONTRACTS WITH MEMBER CITIES. It will comply with the terms and conditions of the Contract, including any contracts with Additional Member Cities, and will cause the Member Cities to comply with all of their obligations thereunder by all lawful means; and the Issuer agrees to prepare an annual budget as required by the Contract.

Section 25. AMENDMENT OF RESOLUTION. (a) The holders or owners of Parity Bonds and Additional Bonds aggregating 51% in principal amount of the aggregate principal amount of then outstanding Parity Bonds and Additional Bonds shall have the right from time to time to approve any amendment to this Resolution or any resolution authorizing the issuance of Additional Bonds, which may be deemed necessary or desirable by the Issuer, provided, however, that nothing herein contained shall permit or be construed to permit the amendment of the terms and conditions in said resolutions or in the Parity Bonds or Additional Bonds so as to:

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



- (6) Change the minimum percentage of the principal amount of Parity Bonds and Additional Bonds necessary for consent to such amendment.

(b) If at any time the Issuer shall desire to amend a resolution under this Section, the Issuer shall cause notice of the proposed amendment to be published in a financial newspaper or journal published in the City of New York, New York, or in the City of Austin, Texas, once during each calendar week for at least two successive calendar weeks. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy thereof is on file at the principal office of each Paying Agent for each Series of Parity Bonds and Additional Bonds for inspection by all holders of Parity Bonds and Additional Bonds. Such publication is not required, however, if notice in writing is given to each holder of Parity Bonds and Additional Bonds.

(c) Whenever at any time not less than thirty days, and within one year, from the date of the first publication of notice or other service of written notice the Issuer shall receive an instrument or instruments executed by the holders or owners of at least 51% in aggregate principal amount of all Parity Bonds and Additional Bonds then outstanding, which instrument or instruments shall refer to the proposed amendment described in said notice and which specifically consent to and approve such amendment in substantially the form of the copy thereof on file as aforesaid, the Issuer may adopt the amendatory resolution in substantially the same form.

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

(e) Any consent given by the holder or owner of a Parity Bond or Additional Bond pursuant to the provisions of this Section shall be irrevocable for a period of six months from the date of the first publication of the notice provided for in this Section, and shall be conclusive and binding upon all future holders or owners of the same Parity Bond or Additional Bond during such period. Such consent may be revoked at any time after six months from the date of the first publication of such notice by the holder or owner who gave such consent, or by a successor in title, by filing notice thereof with each Paying Agent for each Series of Parity Bonds and Additional Bonds, Texas, and the Issuer, but such revocation shall not be effective if the holders of 51% in aggregate principal amount of the then outstanding Parity Bonds and Additional Bonds as in this Section defined have, prior to the attempted revocation, consented to and approved the amendment.

(f) For the purpose of this Section, the fact of the holding of Parity Bonds or Additional Bonds in bearer, coupon form by any holder thereof and the amount and numbers of such Parity Bonds and Additional Bonds, and the date of their holding same, may be provided by the affidavit of the person claiming to be such holder, or by a certificate executed by any trust company, bank, banker, or any other depository wherever situated showing that at the date therein mentioned such person had on deposit with such trust company, bank, banker, or other depository, the Parity Bonds or Additional Bonds described in such certificate. The ownership of all registered Parity Bonds and

Additional Bonds shall be ascertained by the registration books pertaining thereto kept by the registrar. The Issuer may conclusively assume that such holding or ownership continues until written notice to the contrary is served upon the Issuer.

Section 26. DEFEASANCE OF BONDS. (a) Each of the Bonds, including the Initial Bond and each of the other Bonds (as hereinbefore defined), and the interest thereon shall be deemed to be paid, retired, and no longer outstanding (a "Defeased Bond") within the meaning of this Resolution, except to the extent provided in subsection (d) of this Section, when payment of the principal of such Bond, plus interest thereon to the due date (whether such due date be by reason of maturity, upon redemption, or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof (including the giving of any required notice of redemption), or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar for such payment (1) lawful money of the United States of America sufficient to make such payment or (2) Government Obligations which mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to provide for such payment, and when proper arrangements have been made by the Issuer with the Paying Agent/Registrar for the payment of its services until all Defeased Bonds shall have become due and payable. At such time as a Bond shall be deemed to be a Defeased Bond hereunder, as aforesaid, such Bond and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the Pledged Revenues as provided in this Resolution, and such principal and interest shall be payable solely from such money or Government Obligations.

(b) Any moneys so deposited with the Paying Agent/Registrar may at the written direction of the Issuer also be invested in Government Obligations, maturing in the amounts and times as hereinbefore set forth, and all income from such Government Obligations received by the Paying Agent/Registrar which is not required for the payment of the Bonds and interest thereon, with respect to which such money has been so deposited, shall be turned over to the Issuer, or deposited as directed in writing by the Issuer.

(c) The term "Government Obligations" as used in this Section shall mean (i) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, and (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the Board of Directors adopts or approves proceedings authorizing the issuance of refunding bonds or otherwise provide for the funding of an escrow to effect the defeasance of the Bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent.

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

Section 27. **DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED BONDS.**

(a) Replacement Bonds. In the event any outstanding Bonds or Bond authorized by this Resolution is damaged, mutilated, lost, stolen, or destroyed, the Paying Agent/Registrar shall cause to be printed, executed, and delivered, a new bond of the same principal amount, maturity, and interest rate, as the damaged, mutilated, lost, stolen, or destroyed Bond, in replacement for such Bond in the manner hereinafter provided.

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

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

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

(e) Authority for Issuing Replacement Bonds. In accordance with Chapter 1201, Texas Government Code, this Section of this Resolution shall constitute authority for the issuance of any such replacement bond without necessity of further action by the governing body of the Issuer or any other body or person, and the duty of the replacement of such bonds is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such Bonds in the form and manner and with the effect, as provided in Section 6(d) of this Resolution for Bonds issued in conversion and exchange for other Bonds.

Section 28. **COVENANTS REGARDING TAX EXEMPTION.** The provisions of this Section 28 shall apply to the Bonds only if the Bonds are issued as tax-exempt obligations as designated in the Approval Certificate.

(a) Covenants. The Issuer covenants to refrain from any action which would adversely affect, or to take such action to assure, 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:

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

(2) to take any action to assure that in the event that the "private business use" described in subsection (a) hereof exceeds five percent of the proceeds of the Bonds or the projects financed therewith (less amounts deposited into a reserve fund, if any) then the amount in excess of five 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;

(3) to take any action to assure that no amount which is greater than the lesser of \$5,000,000, or five 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;

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

(5) 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;

(6) 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 --

(A) proceeds of the Bonds invested for a reasonable temporary period of 3 years or less or, in the case of a refunding bond, for a period of 90 days or less until such proceeds are needed for the purpose for which the Bonds are issued,

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

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

(7) 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);

(8) to refrain from using the proceeds of the Bonds or proceeds of any prior bonds to pay debt service on another issue more than 90 days after the date of issue of the Bonds in contravention of the requirements of section 149(d) of the Code (relating to advance refundings); and

(9) 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.

(b) Rebate Fund. In order to facilitate compliance with the above covenant (a)(9), 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.

(c) Compliance with Code. For purposes of the foregoing covenants, 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 refunding 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 that modify or expand provisions of the Code, as applicable to the Bonds, the Issuer will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of nationally recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on the under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated that impose additional requirements applicable to the Bonds, the Issuer agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally recognized bond counsel, to preserve the exemption from federal income taxation of interest on the

Bonds under section 103 of the Code. In furtherance of such intention, the Issuer hereby authorizes and directs the President of the Board of Directors, the Executive Director, Deputy Director - Administrative Services and Assistant Deputy - Finance to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of the Issuer, that may be permitted by the Code as are consistent with the purpose for the issuance of the Bonds.

(d) Written Procedures. Unless superseded by another action of the Issuer to ensure compliance with the covenants contained herein regarding private business use, remedial actions, arbitrage and rebate, the Issuer hereby adopts and establishes the instructions attached hereto as Exhibit A as their written procedures applicable to the Bonds and any Additional Bonds.

Section 29. **ALLOCATION OF, AND LIMITATION ON, EXPENDITURES FOR THE PROJECT.** If the Bonds are issued on a tax-exempt basis, the Issuer covenants to account for the expenditure of sale proceeds and investment earnings to be used for the purposes described in Section 1 of this Resolution (the "Project") on its books and records by allocating proceeds to expenditures within 18 months of the later of the date that (1) the expenditure is made, or (2) the Project is completed. The foregoing notwithstanding, the Issuer shall not expend sale proceeds or investment earnings thereon more than 60 days after the earlier of (1) the fifth anniversary of the delivery of the Bonds, or (2) the date the Bonds are retired, unless the Issuer obtains an opinion of nationally-recognized bond counsel that such expenditure will not adversely affect the tax-exempt status of the Bonds. For purposes hereof, the Issuer shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

Section 30. **CUSTODY, APPROVAL, AND REGISTRATION OF BONDS; BOND COUNSEL'S OPINION, CUSIP NUMBERS, PREAMBLE, AND INSURANCE.** The President of the Board of Directors of the Issuer and any Authorized officer is hereby authorized to have control of the Initial Bond issued hereunder and all necessary records and proceedings pertaining to said Initial Bond pending its delivery and its investigation, examination, and approval by the Attorney General of the State of Texas, and its registration by the Comptroller of Public Accounts of the State of Texas. Upon registration of said Initial Bond said Comptroller of Public Accounts (or a deputy designated in writing to act for said Comptroller) shall manually sign the Comptroller's Registration Certificate on said Initial Bond, and the seal of said Comptroller shall be impressed, or placed in facsimile, on said Initial Bond. The approving legal opinion of the Issuer's Bond Counsel and the assigned CUSIP numbers may, at the option of the Issuer, be printed on said Initial Bond or on any Bonds issued and delivered in conversion of and exchange or replacement of any Bond, but neither shall have any legal effect, and shall be solely for the convenience and information of the registered owners of the Bonds. The preamble to this Resolution is hereby adopted and made a part hereof for all purposes. If insurance is obtained by the Underwriter (as defined in Section 31 hereof) on any of the Bonds, the Initial Bond and all the Bonds so insured shall bear an appropriate legend concerning insurance as provided by the insurer.

Section 31. **DISPOSITION OF PROJECT.** If the Bonds are issued on a tax-exempt basis, the Issuer covenants that the property constituting the Project refinanced by the Bonds will not be sold or otherwise disposed in a transaction resulting in the receipt by the Issuer of cash or other

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

## Section 32. CONTINUING DISCLOSURE UNDERTAKING.

### (a) Annual Reports.

The Issuer shall provide or cause to be provided annually to the MSRB, (1) within six months after the end of each fiscal year ending in or after 2022, financial information and operating data of the general type included in the final Official Statement authorized by Section 32 of this Resolution, (i) with respect to the Issuer, in tables numbered 1 through 5, and (ii) with respect to each Significant Obligated Persons, in Appendix C, and (2) when and if available, audited financial statements of the Issuer and each Significant Obligated Person. Any financial statements so to be provided shall be prepared in accordance with generally accepted accounting principles or such other accounting principles as the Issuer or any such Significant Obligated Person may be required to employ from time to time pursuant to state law or regulation. If the audit of such financial statements of the Issuer or a Significant Obligated Person is not complete within 12 months after the respective fiscal year end, then the Issuer shall provide or cause to be provided by each Significant Obligated Person unaudited financial statements within such 12-month period and audited financial statements when and if the audit report on such statements become available.

If the Issuer or any such Significant Obligated Person changes its fiscal year, the Issuer will notify or cause the Significant Obligated Person to notify the MSRB of the change (and of the date of the new fiscal year end) prior to the next date by which the Issuer or any such Significant Obligated Person otherwise would be required to provide financial information and operating data pursuant to this Section.

The financial information and operating date to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document, if it is available from the MSRB) that theretofore has been provided to the MSRB or filed with the SEC

### (b) Event Notices.

The Issuer shall notify the MSRB, in a timely manner, of any of the following events with respect to the Bonds, not in excess of ten Business Days after occurrence of the event:

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.       If the Bonds are issued as tax-exempt obligations, 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 security, or other material events affecting the tax status of the security;
7.       Modifications to the rights of security holders, if material;
8.       Bond calls, if material, and tender offers;
9.       Defeasances;
10.      Release, substitution or sale of property securing repayment of the securities, if material;
11.      Rating changes;
12.      Bankruptcy, insolvency, receivership or similar event of the Issuer or a Significant Obligated Person;
13.      The consummation of a merger, consolidation, or acquisition involving the Issuer or a Significant Obligated Person or the sale of all or substantially all of the assets of the Issuer or a Significant Obligated Person, 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 or additional trustee or the change of name of a trustee, if material.
15.      Incurrence of a Financial Obligation of the Issuer or a Significant Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer or a Significant Obligated Person, any of which affect security holders, if material; and
16.      Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer or a Significant Obligated Person, any of which reflect financial difficulties.



For these purposes, any event described in the immediately preceding paragraph (12) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Issuer in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers of the Issuer in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

The Issuer shall notify or cause the appropriate Significant Obligated Person to notify, in an electronic format as prescribed by the MSRB, the MSRB, in a timely manner, of any failure by the Issuer or any such Significant Obligated Person to provide financial information or operating data in accordance with Section 30 of this Resolution by the time required by such Section; and “Financial Obligation” shall have the meaning ascribed to it below.

(c) Limitations, Disclaimers, and Amendments.

The Issuer shall be obligated to observe and perform or cause a Significant Obligated Person to observe and perform the covenants specified in this Section for so long as, but only for so long as, such Significant Obligated persons remains a "Significant Obligated Person" with respect to the Bonds, except that the Issuer in any event will give notice of any deposit made in accordance with Section 21 hereof that causes Bonds no longer to be Outstanding.

The provisions of this Section are for the sole benefit of the Holders and beneficial owners of the Bonds, and nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The Issuer undertakes to provide or cause to be provided only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section and does not hereby undertake to provide or cause to be provided any other information that may be relevant or material to a complete presentation of the Issuer's or any Significant Obligated Person's financial results, condition or prospects or hereby undertake to update any information provided in accordance with this Section or otherwise, except as expressly provided herein. The Issuer does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

**UNDER NO CIRCUMSTANCES SHALL THE ISSUER BE LIABLE TO THE HOLDER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE ISSUER, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.**

No default by the Issuer in observing or performing its obligations under this Section shall comprise a breach of or default under this Resolution for purposes of any other provision of this Resolution.

Nothing in this Section is intended or shall act to disclaim, waive, or otherwise limit the duties of the Issuer under federal and state securities laws.

Should the Rule be amended to obligate the Issuer to make filings with or provide notices to entities other than the MSRB, the Issuer hereby agrees to undertake such obligation with respect to the Bonds in accordance with the Rule as amended. The provisions of this Section may be amended by the Issuer 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 identify, nature, status, or type of operations of the Issuer or any Significant Obligated Person, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well s such changed circumstances and (2) either (a) the Holders of a majority in aggregate principal amount (or any greater amount required by any other provision of this Resolution that authorizes such an amendment) of the outstanding Bonds consent to such amendment or (b) a Person that is unaffiliated with the Issuer (such as nationally recognized bond counsel) determined that such amendment will not materially impair the interest of the Holders and beneficial owners of the Bonds. If the Issuer so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided in accordance with Subsection (a) hereof an explanation, in narrative form, of the reason for the amendment and of the impact of any change in the type of financial information or operating data so provided. The Issuer may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision 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.

(d) Definitions.

As used in this Section, the following terms have the meanings ascribed to such terms below:

*"Financial Obligation"* means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that *"Financial Obligation"* shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

*"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 and any successor to its duties.

"*Significant Obligated Person*" means, at any point in time, any Member City or other party contracting with the Issuer, in either case whose payments to the Issuer for the use of or service from the System in the calendar year preceding any such determination exceeded 10% of the Gross Revenues of the System.

Section 33. SALE OF BONDS. Pursuant to the authorizations in Section 3 hereof, as approved by the Authorized Officer, the Bonds may be sold either pursuant to the taking of bids therefor as provided in the Official Notice of Sale or pursuant to a purchase agreement (the "Purchase Agreement") with a purchaser or purchasers (collectively, the "Underwriters") to be approved by the Authorized Officer, and any supplements thereto which may be necessary to accomplish the issuance of Bonds. Such Purchase Agreement is hereby authorized to be dated, executed and delivered on behalf of the Issuer by an Authorized Officer, with such changes therein as shall be approved by the Authorized Officer, the execution thereof by the Authorized Officer to constitute evidence of such approval. The delegation of authority to the Authorized Officer to approve the final terms of the Bonds as set forth in this Resolution is, and the decisions made by the Authorized Officer pursuant to such delegated authority will be, in the best interests of the Issuer, and the Authorized Officer is authorized to make a finding to such effect in the Approval Certificate.

Section 34. APPROVAL OF OFFICIAL STATEMENT. A Preliminary Official Statement relating to the Bonds, will be approved and authorized to be distributed to prospective investors and other interested parties in connection with an underwriting and sale of the Bonds, with such changes therein as shall be approved by an Authorized Officer, including such changes as are necessary for distribution as a final Official Statement. The use and distribution by the Underwriters of the Official Statement relating to the Bonds, is hereby approved. For the purpose of review by the Underwriters prior to purchasing the Bonds, an Authorized Officer may deem said Preliminary Official Statement to have been "final as of its date" within the meaning of Securities and Exchange Commission Rule 15c2-12.

Section 35. REFUNDING OF REFUNDED BONDS. (a) The Refunded Bonds shall be paid upon the earlier of their stated maturity dates or the earliest redemption dates for which notice of redemption can be given pursuant to the Master Resolution, in each case at a price of par plus accrued interest to the date of payment. As soon as practicable after sale of the Bonds, appropriate notices of redemption shall be delivered to the paying agent/registrars for the Refunded Bonds to notify, in accordance with the requirements of the Master Resolution, the owners of the Refunded Bonds of the call for redemption thereof.

(b) Concurrently with the delivery of the Bonds, the Issuer shall cause to be deposited an amount from the proceeds from the sale of the Bonds, together with, to the extent necessary, available funds of the Issuer, with the paying agent/registrars for the Refunded Bonds, sufficient to provide for the refunding and redemption, on the date or dates fixed for redemption, of all of the Refunded Bonds, in accordance with Subchapter C of Chapter 1207, Texas Government Code, as amended. The President of the Board of Directors of the Issuer and the Vice President/Secretary

of the Board of Directors of the Issuer are hereby authorized, for and on behalf of the Issuer, to execute a Deposit Agreement in substantially the form set forth in Exhibit D hereto to accomplish such purpose. In addition, the Authorized Officer is authorized to transfer and deposit such cash from available funds (including surplus funds in the Interest and Redemption Fund and/or the Reserve Fund), as may be necessary for the Payment Account described in such Deposit Agreement. It is hereby found and determined that the refunding of the Refunded Bonds, which consist of bonds in an extendable commercial paper mode, makes it impracticable to determine the maximum amount by which the aggregate amount of payments to be made under the Bonds exceeds the aggregate amount of payments that would have been made under the terms of the Refunded Bonds for purposes of Section 1207.008(a)(2), Texas Government Code.

Section 36. **ATTORNEY GENERAL FEES.** The Issuer hereby authorizes and directs payment, from legally available funds of the Issuer, of the nonrefundable examination fee of the Attorney General of the State of Texas required by Section 1202.004, Texas Government Code, as amended.

Section 37. **FURTHER PROCEDURES.** The President and the Secretary of the Board of Directors and any Authorized 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 on behalf of the Issuer all such instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Resolution, and all details in connection therewith. In case any officer whose signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

Section 38. **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.

Section 39. **PUBLIC NOTICE.** It is hereby officially found and determined that public notice of the time, place and purpose of said meeting was given, all as required by the Government Code, Chapter 551.

Section 40. **EFFECTIVENESS.** This Resolution shall be effective from the date and after the date of adoption by the Issuer; provided, however, if the Bonds authorized by this Resolution are not issued prior to March 22, 2024, this Resolution shall be void ab initio and shall be of no force and effect.

EXHIBIT "A"

WRITTEN PROCEDURES RELATING TO CONTINUING  
COMPLIANCE WITH FEDERAL TAX COVENANTS

- A. Arbitrage. With respect to the investment and expenditure of the proceeds of the Bonds and any Additional Bonds (the "Obligations") the Issuer's Executive Director, Deputy Director - Administrative Services, and Assistant Deputy - Finance (the "Responsible Persons") will :

For Obligations issued for newly acquired property or constructed property:

- instruct the appropriate person or persons that the construction, renovation or acquisition of the facilities must proceed with due diligence and that binding contracts for the expenditure of at least 5% of the proceeds of the Obligations will be entered into within 6 months of the Issue Date;
- monitor that at least 85% of the proceeds of the Obligations to be used for the construction, renovation or acquisition of any facilities are expended within 3 years of the date of delivery of the Obligations ("Issue Date");
- restrict the yield of the investments (other than those in the Reserve Fund) to the yield on the Obligations after 3 years of the Issue Date;
- monitor all amounts deposited into a sinking fund or funds, e.g., the Interest and Redemption Fund and the Reserve Fund, to assure that the maximum amount invested at a yield higher than the yield on the Obligations does not exceed an amount equal to the debt service on the Obligations in the succeeding 12 month period plus a carryover amount equal to one-twelfth of the principal and interest payable on the Obligations for the immediately preceding 12-month period;
- assure that no more than 50% of the proceeds of the Obligations are invested in an investment with a guaranteed yield for 4 years or more;
- assure that the maximum amount of the Reserve Fund invested at a yield higher than the yield on the Obligations will not exceed the lesser of (1) 10% of the original principal amount of the Obligations, (2) 125% of the average annual debt service on the Obligations measured as of the Issue Date, or (3) 100% of the maximum annual debt service on the Obligations as of the Issue Date;

For Obligations issued for refunding purposes:

- monitor the actions of the escrow agent (to the extent an escrow is funded with proceeds) to assure compliance with the applicable provisions of the escrow agreement, including with respect to reinvestment of cash balances;

For all Obligations:

- maintain any official action of the Issuer (such as a reimbursement resolution) stating its intent to reimburse itself or the City with the proceeds of the Obligations any amount expended prior to the Issue Date for the acquisition, renovation or construction of the facilities;
  - assure that the applicable information return (e.g., IRS Form 8038-G, 8038-GC, or any successor forms) is timely filed with the IRS;
  - assure that, unless excepted from rebate and yield restriction under section 148(f) of the Code, excess investment earnings are computed and paid to the U.S. government at such time and in such manner as directed by the IRS (i) at least every 5 years after the Issue Date and (ii) within 30 days after the date the Obligations are retired.
- B. Private Business Use. With respect to the use of the facilities financed or refinanced with the proceeds of the Obligations the Responsible Persons will:
- monitor the date on which the facilities are substantially complete and available to be used for the purpose intended;
  - monitor whether, at any time the Obligations are outstanding, any person, other than the Issuer or the City, the employees of the Issuer or the City, the agents of the Issuer or the City or members of the general public has any contractual right (such as a lease, purchase, management or other service agreement) with respect to any portion of the facilities;
  - monitor whether, at any time the Obligations are outstanding, any person, other than the Issuer or the City, the employees of the Issuer or the City, the agents of the Issuer or the City or members of the general public has a right to use the output of the facilities (e.g., water, gas, electricity);
  - monitor whether, at any time the Obligations are outstanding, any person, other than the Issuer or the City, the employees of the Issuer or the City, the agents of the Issuer or the City or members of the general public has a right to use the facilities to conduct or to direct the conduct of research;
  - determine whether, at any time the Obligations are outstanding, any person, other than the Issuer or the City, has a naming right for the facilities or any other contractual right granting an intangible benefit;
  - determine whether, at any time the Obligations are outstanding, the facilities are sold or otherwise disposed of; and
  - take such action as is necessary to remediate any failure to maintain compliance with the covenants contained in the resolution authorizing the Obligations.

- C. Record Retention. The Responsible Persons will maintain or cause to be maintained all records relating to the investment and expenditure of the proceeds of the Obligations and the use of the facilities financed or refinanced thereby for a period ending three (3) years after the complete extinguishment of the Obligations. If any portion of the Obligations is refunded with the proceeds of another series of tax-exempt obligations, such records shall be maintained until the three (3) years after the refunding obligations are completely extinguished. Such records can be maintained in paper or electronic format.
- D. Responsible Persons. Each Responsible Person shall receive appropriate training regarding the Issuer's accounting system, contract intake system, facilities management and other systems necessary to track the investment and expenditure of the proceeds and the use of the facilities financed with the proceeds of the Obligations. The foregoing notwithstanding, the Responsible Persons are authorized and instructed to retain such experienced advisors and agents as may be necessary to carry out the purposes of these instructions.

## EXHIBIT B

### DESCRIPTION OF ANNUAL FINANCIAL INFORMATION

The following information is referred to in Section 30 of this Resolution.

#### I. Annual Financial Statements and Operating Data of the Issuer

The financial information and operating data with respect to the Issuer to be provided annually in accordance with such Section are as specified (and included in the Appendix or under the headings of the Official Statement and Tables referred to) below:

Tables \_\_ through \_\_ in the Official Statement and in Appendix B

#### Accounting Principles

The accounting principles referred to in such Section are the accounting principles described in the notes to the financial statements referred to in paragraph 1 above.



EXHIBIT "C"

FORM OF DEPOSIT AGREEMENT

DEPOSIT AGREEMENT

THIS DEPOSIT AGREEMENT (the "Agreement"), dated as of \_\_\_\_\_, \_\_\_\_\_, made by and between North Texas Municipal Water District (the "Issuer"), a political subdivision of the State of Texas acting by and through the President and Secretary of the Board of Directors of the Issuer (the "Board"), and \_\_\_\_\_ (the "Bank"), a banking association organized and existing under the laws of the United States of America,

WITNESSETH:

WHEREAS, the Issuer has heretofore issued and delivered and there is currently outstanding the obligations described on Exhibit "A" hereto (hereinafter called the "Refunded Obligations"); and

WHEREAS, in accordance with the provisions of Chapters 1207 and 1371, Texas Government Code (collectively, the "Act"), the Issuer is authorized to sell refunding bonds in an amount sufficient to provide for the full and complete payment of obligations, deposit the proceeds of such refunding bonds with the place of payment for the obligations being refunded and enter into an escrow or similar agreement with such place of payment for the safekeeping, investment, reinvestment, administration and disposition of such deposit, upon such terms and conditions as the parties may agree; and

WHEREAS, the Issuer on \_\_\_\_\_, \_\_\_\_\_, pursuant to a resolution (the "Bond Resolution") passed and adopted by the Board, authorized the issuance of bonds known as "North Texas Municipal Water District Regional Wastewater System Revenue ECP Refunding Bonds" (the "Bonds"), and such Bonds are being issued to refund, discharge and make final payment of the principal of and interest on the Refunded Obligations; and

WHEREAS, a portion of the proceeds of sale of the Bonds, together with other available funds of the Issuer, are to be deposited with the Bank under this Agreement, which deposit of funds will be sufficient to pay and redeem in full the Refunded Obligations on \_\_\_\_\_, (the Redemption Date);

NOW, THEREFORE, in consideration of the mutual agreements herein contained and the payment to the Bank of amounts provided in Section 8 hereof, and to secure the payment of the principal of and the interest on the Refunded Obligations, the Issuer and the Bank hereby agree as follows:

SECTION 1. A trust clearing account (hereinafter called the "Payment Account") shall be maintained at the Bank for the benefit of the holders of the Refunded Obligations, and, immediately following the delivery of the Bonds, the Issuer agrees and covenants to cause to be deposited with the Bank for the credit of the Payment Account the sum of \$\_\_\_\_\_.

The Bank agrees to establish such Payment Account and further agrees to receive said moneys, apply the same as set forth herein, and to hold uninvested the cash deposited and credited to the Payment Account for application and disbursement for the payment and redemption of the Refunded Obligations on the Redemption Date.

SECTION 2. In reliance upon the Sufficiency Certificate of Financial Advisor, a copy of which is attached hereto as Exhibit "B", the Issuer represents that the amount deposited to the credit of the Payment Account, as provided in Section 1 hereof, will be sufficient to pay and redeem in full all the Refunded Obligations on the Redemption Date, and the Bank acknowledges the sufficiency of the deposit for said purpose.

The Bank acknowledges receipt of a copy of the Bond Resolution providing for the redemption of the Refunded Obligations on the Redemption Date at the price of par and accrued interest and acknowledges receipt of the form of notice of redemption attached hereto. The Bank will give the notice of redemption as required by the order authorizing the issuance of the Refunded Bonds.

SECTION 3. The Bank agrees that all funds held in the Payment Account shall constitute a dedicated interest and sinking fund for the payment of the principal of and interest on the Refunded Obligations which will mature and become due on and after the date of this Agreement, such funds deposited to the credit of the Payment Account shall be applied solely in accordance with the provisions of this Agreement and the Issuer shall have no right or title with respect thereto, except as otherwise provided herein. Such funds shall not be subject to checks or drafts drawn by the Issuer.

SECTION 4. If, for any reason, the funds on hand in the Payment Account shall be insufficient to pay the redemption price of the Refunded Obligations on the Redemption Date, notice of any such insufficiency shall be immediately given by the Bank to the Issuer by the fastest means possible.

SECTION 5. The Bank represents that the deposit covered by this Agreement shall constitute firm banking arrangements to insure payment of the Refunded Obligations and such deposit is collateralized to insure against any loss or diminution by virtue of any action of the Bank or as a result of its lack of financial integrity by a pledge of direct obligations of the United States of America, in the par or face amount at least equal to the principal amount of said monies to the extent such money is not insured by the Federal Deposit Insurance Corporation.

SECTION 6. The Bank, as paying agent for the Refunded Obligations, shall, without further direction from anyone, including the Issuer, cause to be paid with funds on deposit in the Payment Account the amount required to pay and redeem in full the Refunded Obligations on the Redemption Date when such obligations are presented for payment in accordance with their terms.

SECTION 7. The Bank shall have no lien whatsoever upon any of the moneys deposited to the credit of the Payment Account for payment of services rendered hereunder, services rendered as Paying Agent for the Refunded Obligations, or for any costs or expenses incurred hereunder and reimbursable from the Issuer.

SECTION 8. Moneys on deposit in the Payment Account shall be held uninvested pending the disbursement of moneys. In consideration for the services rendered hereunder, the Issuer shall pay to the Bank the sum of \$\_\_\_\_\_. No investment of funds deposited to the credit of the Payment Account shall be made on or after the Redemption Date. Neither the Issuer nor the Bank shall invest any moneys deposited in the Payment Account.

SECTION 9. The Bank hereby agrees that the compensation noted in Section 8 is full and complete payment for the administration of this Agreement, and the Bank acknowledges and agrees that such amount is and represents the total amount of compensation due the Bank for services rendered as paying agent for the Refunded Obligations. The Bank hereby agrees to pay, assume and be fully responsible for any additional charges that it may incur in the performance of its duties and responsibilities as paying agent for the Refunded Obligations.

SECTION 10. The Bank shall not be responsible for any recital herein, except with respect to its organization, its powers and authority and to the safety and security of the deposit of funds to be made by the Issuer hereunder. As to the existence or nonexistence of any fact relating to the Issuer or as to the sufficiency or validity of any instrument, paper or proceedings relating to the Issuer, the Bank shall be entitled to rely upon a certificate signed on behalf of the Issuer by its Issuer Secretary as sufficient evidence of the facts therein contained. The Bank may accept a certificate of the Secretary of the Board under the Issuer's seal, to the effect that a resolution or other instrument in the form therein set forth has been adopted by the Board, as conclusive evidence that such resolution or other instrument has been duly adopted and is in full force and effect.

The duties and obligations of the Bank shall be determined solely by the express provisions of this Agreement, and the Bank shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Agreement, and no implied covenants or obligations shall be read into this Agreement against the Bank.

In the absence of bad faith on the part of the Bank, the Bank may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificate or opinion furnished to the Bank, conforming to the requirements of this Agreement; but notwithstanding any provision of this Agreement to the contrary, in the case of any such certificate or opinion or any evidence which by any provision hereof is specifically required to be furnished to the Bank, the Bank shall be under a duty to examine the same to determine whether it conforms to the requirements of this Agreement.

The Bank shall not be liable for any error of judgment made in good faith by a Responsible Officer or Officers of the Bank unless it shall be proved that the Bank was negligent in ascertaining or acting upon the pertinent facts. The Bank shall not be responsible or liable to any person in any manner whatever for the sufficiency, correctness, genuineness, effectiveness, or validity of the deposits made pursuant to this Agreement, or for the form or execution thereof, or for the identity or authority or any person making or executing such deposits.

The term "Responsible Officers" of the Bank, as used in this Agreement, shall mean and include the Chairman of the Board of Directors, the President, any Vice President and any Second Vice President, the Secretary and any Assistant Secretary, the Treasurer and any Assistant

Treasurer, and ever other officer and assistant officer of the Bank customarily performing functions similar to those performed by the persons who at the time shall be officers, respectively, or to whom any corporate trust matter is referred, because of his knowledge of an familiarity with a particular subject; and the term "Responsible Officer" of the Bank, as used in this Agreement, shall mean and include any of said officers or persons.

SECTION 11. This Agreement is between the Issuer and the Bank only, and in connection herewith the Bank is authorized by the Issuer to rely upon the representations of the Issuer with respect to this Agreement and the deposits made pursuant hereto and as to the Issuer's right and power to execute and deliver this Agreement, and the Bank shall not be liable in any manner as a result of such reliance. The duties of the Bank hereunder shall only be to the Issuer and the holders of the Refunded Obligations. In the event conflicting demands or notices are made upon the Bank growing out of or relating to this Agreement or the Bank in good faith is in doubt as to what action should be taken hereunder, the Bank shall have the right at its election to:

(a) Withhold and stop all further proceedings in, and performance of, this Agreement with respect to the issue in question and of all instructions received hereunder in regard to such issue; and

(b) File a suit in interpleader and obtain an order from a court of appropriate jurisdiction requiring all persons involved to interplead and litigate in such court their several claims and rights among themselves.

In the event the Bank becomes involved in litigation in connection with this Section, the Issuer, to the extent permitted by law agrees to indemnify and save the Bank harmless from all loss, cost, damages, expenses and attorney fees suffered or incurred by the Bank as a result thereof. The obligations of the Bank under this Agreement shall be performable at the principal corporate office of the Bank in Dallas, Texas.

The Bank may consult with legal counsel in the event of any dispute or question regarding the construction of any of the provisions hereof or its duties hereunder, and in the absence of negligence or bad faith on the part of the Bank, no liability shall be incurred by the Bank for any action taken pursuant to this Section and the Bank shall be fully protected in acting in accordance with the opinion and instructions of legal counsel that is knowledgeable and has expertise in the field of law addressed in any such legal opinion with respect to the instructions given.

Nothing in this Agreement shall be construed to require the Bank to expend or risk its own funds in the performance of any of its duties or the exercise of any of its rights hereunder.

SECTION 12. Time shall be of the essence in the performance of obligations from time to time imposed upon the Bank by this Agreement.

SECTION 13. Following the final payment and redemption of the Refunded Obligations, the Bank shall forward by letter to the Issuer, to the attention of the President, or other designated official of the Issuer, a final accounting statement with respect to the payment and discharge of the Refunded Obligations, together with all canceled Refunded Obligations.

SECTION 14. Any notice, authorization, request or demand required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given when mailed by registered or certified mail, postage prepaid addressed as follows:

North Texas Municipal Water District  
P.O. Box 2408  
Wylie, Texas 75098

Attention: Assistant Deputy - Finance

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Attention: Corporate Trust Services

The United States Post Office registered or certified mail receipt showing delivery of the aforesaid shall be conclusive evidence of the date and fact of delivery.

Any party hereto may change the address to which notices are to be delivered by giving to the other parties not less than ten (10) days prior notice thereof.

SECTION 15. Whenever under the terms of this Agreement the performance date of any provision hereof, including the date of maturity of interest on or principal of the Refunded Obligations, shall be a Sunday or a legal holiday or a day on which the Bank is authorized by law to close, then the performance thereof, including the payment of principal of and interest on the Refunded Obligations, need not be made on such date but may performed or paid, as the case may be, on the next succeeding business day of the Bank with the same force and effect as if made on the date of performance or payment and with respect to a payment, no interest shall accrue for the period after such date.

SECTION 16. The Issuer covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Agreement, in any and every said Refunded Obligation as executed, authenticated and delivered and in all proceedings pertaining thereto as said Refunded Obligations shall have been modified as provided in this Agreement. The Issuer covenants that it is duly authorized under the Constitution and laws of the State of Texas to execute and deliver this Agreement, that all actions on its part for the payment of said Refunded Obligations as provided herein and the execution and delivery of this Agreement have been duly and effectively taken and that said Refunded Obligations and coupons in the hands of the holders and owners thereof are and will be valid and enforceable obligations of the Issuer according to the import thereof as provided in this Agreement.

SECTION 17. If any one or more of the covenants or agreements provided in this Agreement on the part of the parties to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and

construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

SECTION 18. This Agreement shall terminate either (i) when the Refunded Obligations and coupons appertaining thereto have been paid and discharged in accordance with the provisions of this Agreement or (ii) at the expiration of four (4) years after the Redemption Date, whichever circumstance shall first occur. Subject to applicable unclaimed property laws of the State, moneys held in the Payment Account at the termination of this Agreement shall be remitted and transferred to the Issuer.

SECTION 19. Neither the Issuer nor the Bank shall assign or attempt to assign or transfer any interest hereunder or any portion of any such interest. Any such assignment or attempted assignment shall be in direct conflict with this Agreement and be without effect.

SECTION 20. This Agreement shall inure to the benefit of and be binding upon the Bank and the Issuer and their respective successors.

SECTION 21. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument. This Agreement shall be governed by the laws of the State of Texas.

IN WITNESS WHEREOF, the parties hereto have each caused this Agreement to be executed by their duly authorized officers and attested as of the date first written above.

NORTH TEXAS MUNICIPAL WATER DISTRICT

\_\_\_\_\_  
President

ATTEST:

\_\_\_\_\_  
Secretary

(Issuer Seal)

\_\_\_\_\_  
\_\_\_\_\_  
Title: \_\_\_\_\_

EXHIBIT "A"

Schedule of Refunded Obligations



# NORTH TEXAS MUNICIPAL WATER DISTRICT

MARCH 2023

ADMINISTRATIVE MEMORANDUM NO. 5894

## UPPER EAST FORK INTERCEPTOR SYSTEM AMENDMENT TO MASTER RESOLUTION FOR EXTENDABLE COMMERCIAL PAPER BONDS

RESOLUTION NO. 23-12

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### ACTION (*What*)

Authorize an amendment to the Master Resolution establishing the North Texas Municipal Water District Extendable Commercial Paper (ECP) Financing Program and issue Revenue ECP Bonds for the Upper East Fork Wastewater Interceptor System.

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### PURPOSE (*Why*)

This action enables the District to issue bonds to refund the ECP Bonds in the event of a failed remarketing replaces the need for bank liquidity to support the ECP program.

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### RECOMMENDATION

The Executive Director and NTMWD staff recommend the Board of Directors adopt Resolution No. 23-12, *“Amending Master Resolution Establishing the North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Extendable Commercial Paper Financing Program and Authorizing Upper East Fork Wastewater Interceptor System Contract Revenue Bonds – Extendable Commercial Paper Mode.”*

Contracting  
Party:

N/A

Scope:

Fund Improvements to the Upper East Fork Interceptor System

Projects:

Multiple, each Capital Improvement Plan Contract will be brought to the Board for consideration.

Amount:

Not to exceed \$150,000,000. Actual amount to be determined at date of pricing.

Strategic Objective: 2.3 Rigorous Financial Management

This was an item on the March 8, 2023, Finance Committee agenda.

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DRIVER(S) FOR THIS PROJECT

<input type="checkbox"/> Regulatory Compliance	<input type="checkbox"/> Asset Condition
<input type="checkbox"/> Capacity	<input type="checkbox"/> Redundancy/Resiliency
<input type="checkbox"/> Relocation or External Requests	<input type="checkbox"/> Operational Efficiency
<input type="checkbox"/> Safety	<input checked="" type="checkbox"/> Administrative
<input type="checkbox"/> Policy	<input type="checkbox"/> Other _____

BACKGROUND

- ECP is a short-term financial instrument (notes) with maturities ranging from 1 - 90 days and then remarketed every 1 - 90 days thereafter or until repaid.
- Notes can be exempt from federal taxation.
- Allows for contract appropriation without selling debt.
- Funds are only received in requested portions to pay invoices.
- Interest is only charged on funds received, not on the full size of the ECP Program amount.
- The District can issue notes and receive funds within 1 - 2 business days.
- ECP Programs are a rolling facility; NTMWD can issue new notes, "roll" the previously issued notes to a future date or repay notes with funds on hand and /or bond proceeds.
- The liquidity is provided by the ability for the District to issue refunding bonds to pay off the ECP.
- When the ECP Program was initiated, it was noted that the amount "can be adjusted in the future".
- Due to inflation and greater than anticipated population growth, the ECP Program is being expanded to \$150,000,000.
- The actual amount of the bond sale will be determined on the date of pricing. The interest rate will be the market rate at the time of issuance.
- NTMWD bond counsel, McCall, Parkhurst, and Horton, LLP, has prepared the attached Resolution.
- Representatives from McCall, Parkhurst & Horton, LLP as well as Hilltop Securities, Inc., will be available at the Board meeting to review the documents and financing procedures.

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FUNDING

FUND(S): N/A

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# NORTH TEXAS MUNICIPAL WATER DISTRICT

## RESOLUTION NO. 23-12

### AMENDING MASTER RESOLUTION ESTABLISHING THE NORTH TEXAS MUNICIPAL WATER DISTRICT UPPER EAST FORK WASTEWATER INTERCEPTOR SYSTEM EXTENDABLE COMMERCIAL PAPER FINANCING PROGRAM AND AUTHORIZING UPPER EAST FORK WASTEWATER INTERCEPTOR SYSTEM CONTRACT REVENUE BONDS – EXTENDABLE COMMERCIAL PAPER MODE

WHEREAS, the North Texas Municipal Water District (the “District” or the “Issuer”) is a political subdivision of the State of Texas, and is a conservation and reclamation district created and functioning under Article 16, Section 59, of the Texas Constitution, pursuant to the general laws of the State of Texas, including Chapters 49 and 51, Texas Water Code, and pursuant to the provisions of Chapter 62, Acts of 1951, 52<sup>nd</sup> Legislature of Texas, Regular Session, as amended (collectively the “District Act”), and has outstanding long-term indebtedness that is rated by a nationally recognized rating agency for municipal securities in one of the four highest rating categories for long-term obligations; and

WHEREAS, the Board of Directors of the District (the “Board”) authorized the issuance and payment of up to \$75,000,000 aggregate principal amount of “North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Contract Revenue Bond – Extendable Commercial Paper Mode [(Tax-Exempt) and/or (Taxable)]” (the “ECP Bonds”) issued pursuant to the “Master Resolution Establishing the North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Extendable Commercial Paper Financing Program and Authorizing Upper East Fork Wastewater Interceptor System Contract Revenue Bonds – Extendable Commercial Paper Mode” adopted on May 27, 2021 (the “Master Resolution”), providing for the issuance of the ECP Bonds; and

WHEREAS, the Board now desires to amend the Master Resolution to authorize the issuance and payment of up to [\$150,000,000] aggregate principal amount of the ECP Bonds; and

WHEREAS, the meeting was open to the public and public notice of the time, place and purpose of said meeting was given pursuant to Chapter 551, Texas Government Code; NOW, THEREFORE,

THE BOARD OF DIRECTORS OF THE NORTH TEXAS MUNICIPAL WATER DISTRICT HEREBY CERTIFY AS FOLLOWS:

**Section 1. Recitals; Definitions.** The statements, findings, representations, and determinations set forth in the recitals to this Resolution are hereby incorporated into and made a part of this Resolution for all purposes. Capitalized terms not defined herein have the same meaning as assigned in the Master Resolution.

**Section 2. Amendment to Master Resolution.** Pursuant to Section 6.02(a)(v) of the Master Resolution, the Master Resolution will be amended as follows in this Section. The

amendment shall take effect upon the approval of the Attorney General of the State of this Resolution, and other agreements and proceedings as may be required in connection therewith, as described in Section 4 hereof. Any and all of the terms and provisions of the Master Resolution shall, except as amended hereby, remain in full force and effect.

(a) The defined term "Authorized Amount" is hereby amended and restated in its entirety as follows:

"Authorized Amount" means [\$150,000,000].

**Section 3. Dealer Agreement; Issuing and Paying Agent Agreement.**

(a) A North Texas Municipal Water District Authorized Representative, acting for and on behalf of the Issuer, is authorized to approve, enter into and carry out amendments and supplements to the Dealer Agreement dated as of June 1, 2021 (the "Dealer Agreement"), between the Issuer and J.P. Morgan Securities LLC, that are necessary or acceptable in connection with the amendment of the Master Resolution.

(b) A North Texas Municipal Water District Authorized Representative, acting for and on behalf of the Issuer, is authorized to approve, enter into and carry out amendments and supplements to the Issuing and Paying Agent Agreement dated as of June 1, 2021 (the "Issuing and Paying Agent Agreement"), between the Issuer and U.S. Bank National Association, as Issuing and Paying Agent, that are necessary or acceptable in connection with the amendment of the Master Resolution.

**Section 4. Approval of Attorney General and Fees.** The amendment to the Master Resolution herein authorized shall not become effective until the Attorney General of the State shall have approved this Resolution, and other agreements and proceedings as may be required in connection therewith, all as is required by the Acts. The Issuer hereby authorizes and directs payment, from legally available funds of the Issuer, of the nonrefundable examination fee of the Attorney General of the State of Texas required by Section 1202.004, Texas Government Code, as amended.

**Section 5. Further Procedures.** The President and Secretary, respectively, of the Board of Directors of the Issuer, the Executive Director of the Issuer, the North Texas Municipal Water District Authorized Representative, and all other officers, employees and agents of the Issuer are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to effectuate the purposes of this Resolution, the Master Resolution, the Dealer Agreement, and the Issuing and Paying Agent Agreement. In addition, the President and Secretary, the Executive Director, the North Texas Municipal Water District Authorized Representative, and Bond Counsel are hereby authorized to approve, subsequent to the date of adoption of this Resolution, any amendments to the above named documents, and any technical amendments to this Resolution as may be required by a Rating Agency as a condition to the granting or maintaining of a rating on the ECP Bonds acceptable to a North Texas Municipal Water District Authorized Representative, or as may be required by the Office of the Attorney General of the State in connection with the approval of this Resolution or to correct any ambiguity or mistake or properly or more completely document the transactions contemplated and approved by this Resolution.

**THIS RESOLUTION ADOPTED BY THE NTMWD BOARD OF DIRECTORS IN A REGULAR MEETING ON MARCH 23, 2023, IN THE ADMINISTRATIVE OFFICES OF THE NTMWD, WYLIE, TEXAS.**

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**GEORGE CRUMP, Secretary**

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**JACK MAY, President**

**(SEAL)**

# NORTH TEXAS MUNICIPAL WATER DISTRICT

MARCH 2023

ADMINISTRATIVE MEMORANDUM NO. 5895

## UPPER EAST FORK WASTEWATER INTERCEPTOR SYSTEM ISSUANCE OF REFUNDING BONDS FOR EXTENDABLE COMMERCIAL PAPER BONDS

### RESOLUTION NO. 23-13

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#### ACTION (*What*)

Authorize the issuance of Refunding Bonds for the Upper East Fork Wastewater Interceptor System Extendable Commercial Paper Bonds (ECP).

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#### PURPOSE (*Why*)

This action enables the District to issue bonds to refund the ECP Bonds in the event of a failed remarketing replaces the need for bank liquidity to support the ECP program.

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#### RECOMMENDATION

The Executive Director and NTMWD staff recommend the Board of Directors adopt Resolution No. 23-13, A *“Resolution Authorizing the Issuance, Sale, and Delivery of North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Contract Revenue ECP Refunding Bonds, Pledging Revenues for the Payment of the Bonds, Approving an Official Statement, and Authorizing Other Instruments and Procedures Relating Thereto.”*

Contracting  
Party:

N/A

Scope:

Fund Improvements to the Upper East Fork Interceptor System

Projects:

Multiple, each Capital Improvement Plan Contract will be brought to the Board for consideration.

Amount:

Not to exceed \$150,000,000. Actual amount to be determined at date of pricing.

Strategic Objective: 2.3 Rigorous Financial Management

This was an item on the March 8, 2023, Finance Committee agenda.

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DRIVER(S) FOR THIS PROJECT

<input type="checkbox"/> Regulatory Compliance	<input type="checkbox"/> Asset Condition
<input type="checkbox"/> Capacity	<input type="checkbox"/> Redundancy/Resiliency
<input type="checkbox"/> Relocation or External Requests	<input type="checkbox"/> Operational Efficiency
<input type="checkbox"/> Safety	<input checked="" type="checkbox"/> Administrative
<input type="checkbox"/> Policy	<input type="checkbox"/> Other _____

BACKGROUND

- The limit of \$150,000,000 was determined based on the upcoming Capital Improvement Plan and can be adjusted in the future.
- The bonds to refund the ECP will not be sold until necessary and only in the event of a failed remarketing. The interest rate would be the market rate at the time of issuance.
- The actual amount of the bond sale will be determined on the date of pricing.
- NTMWD bond counsel, McCall, Parkhurst, and Horton, LLP, has prepared the attached Resolution.
- Representatives from McCall, Parkhurst & Horton, LLP as well as Hilltop Securities, Inc., will be available at the Board meeting to review the documents and financing procedures.

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FUNDING

FUND(S): N/A

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RESOLUTION 23-13

RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF NORTH TEXAS MUNICIPAL WATER DISTRICT UPPER EAST FORK WASTEWATER INTERCEPTOR SYSTEM CONTRACT REVENUE ECP REFUNDING BONDS, PLEDGING REVENUES FOR THE PAYMENT OF THE BONDS, APPROVING AN OFFICIAL STATEMENT, AND AUTHORIZING OTHER INSTRUMENTS AND PROCEDURES RELATING THERETO

THE STATE OF TEXAS §  
COUNTIES OF COLLIN, DALLAS, KAUFMAN, AND ROCKWALL §  
NORTH TEXAS MUNICIPAL WATER DISTRICT §

WHEREAS, North Texas Municipal Water District (the "Issuer") is a political subdivision of the State of Texas, being a conservation and reclamation district created and functioning under Article 16, Section 59 of the Texas Constitution, pursuant to Chapter 62, Acts of 1951, 52nd Legislature of Texas, Regular Session, as amended (the "Act");

WHEREAS, the Board of Directors of the Issuer is authorized to issue the bonds hereinafter authorized pursuant to Chapter 30, Texas Water Code, as amended, Chapter 1371, Texas Government Code, as amended ("Chapter 1371"), and other applicable laws.

WHEREAS, among other bonds, pursuant to a Master Resolution Establishing the North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Extendable Commercial Paper Financing Program And Authorizing Upper East Fork Wastewater Interceptor System Contract Revenue Bonds - Extendable Commercial Paper Mode, adopted on May 27, 2021 (the "Master Resolution"), and a Resolution amending the Master Resolution adopted on March 23, 2023, the Issuer has previously authorized to be outstanding the following described junior lien bonds:

North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Contract Revenue Bond - Extendable Commercial Paper Mode (the "*ECP Bonds*");

WHEREAS, the Issuer now desires to authorize refunding bonds to refund all or part of the of the outstanding ECP Bonds (the "Refundable Bonds"), and those Refundable Bonds designated by the Authorized Officer in the Approval Certificate, each as defined herein, the "Refunded Bonds"; and

WHEREAS, the issuance of the Bonds (hereinafter defined) and the application of the proceeds of the Bonds to refund the Refunded Bonds, which consist of bonds in an extendable commercial paper mode, makes it impracticable to determine the maximum amount by which the aggregate amount of payments to be made under the Bonds exceeds the aggregate amount of payments that would have been made under the terms of the Refunded Bonds for purposes of Section 1207.008(a)(2), Texas Government Code; and



WHEREAS, the Issuer will authorize the Bonds pursuant to the District Act and Chapters 1207, and 1371, Texas Government Code, as amended; and

WHEREAS, the meeting was open to the public and public notice of the time, place and purpose of said meeting was given pursuant to Chapter 551, Texas Government Code.

THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF NORTH TEXAS MUNICIPAL WATER DISTRICT, THAT:

Section 1. AMOUNT AND PURPOSE OF THE BONDS. Bonds of the Issuer are hereby authorized to be issued for the purpose of obtaining funds (i) to refund a portion of the Issuer's outstanding Refundable Bonds, and (ii) to pay costs of issuance of such bonds.

Section 2. DESIGNATION OF THE BONDS. Each bond issued pursuant to this Resolution shall be designated: "NORTH TEXAS MUNICIPAL WATER DISTRICT UPPER EAST FORK WASTEWATER INTERCEPTOR SYSTEM CONTRACT REVENUE ECP REFUNDING BOND", and initially there shall be issued, sold, and delivered hereunder a single fully registered bond, without interest coupons, payable in installments of principal (the "Initial Bond"), but the Initial Bond may be assigned and transferred and/or converted into and exchanged for a like aggregate principal amount of fully registered bonds, without interest coupons, having serial maturities, and in the denomination or denominations of \$5,000 or any integral multiple of \$5,000, all in the manner hereinafter provided. The term "Bonds" as used in this Resolution shall mean and include collectively the Initial Bond and all substitute bonds exchanged therefor, as well as all other substitute bonds and replacement bonds issued pursuant hereto, and the term "Bond" shall mean any of the Bonds.

Section 3. INITIAL DATE, DENOMINATION, NUMBER, MATURITIES, INITIAL REGISTERED OWNER, AND CHARACTERISTICS OF THE INITIAL BOND.

(a) As authorized by Chapter 1207 and Chapter 1371, the Executive Director, the Deputy Director - Administrative Services, and Assistant Deputy-Finance of the Issuer are each hereby designated as an "Authorized Officer" of the Issuer, and each is hereby authorized, appointed, and designated as the officer or employee of the Issuer authorized to act on behalf of the Issuer, which actions shall be evidenced by a certificate executed by such Authorized Officer (the "Approval Certificate") for a period not to extend beyond March 22, 2024, in the selling and delivering of the Bonds and carrying out the other procedures specified in this Resolution, including the use of a book-entry only system with respect to the Bonds and the execution of an appropriate letter of representations if deemed appropriate, the determining and fixing of the date and the date of delivery of the Bonds, any additional or different designation or title by which the Bond shall be known, the price at which the Bonds will be sold (but in no event less than 97% of the principal amount of the Bonds), the principal amount (not exceeding [\$150,000,000]) of the Bonds, the amount of each maturity of principal thereof, the due date of each such maturity (not exceeding forty years from the date of the Bonds), the rate of interest to be borne by each such maturity (but in no event to result in the net effective interest rate on the Bonds exceeding \_\_\_\_%), the initial interest payment date, the date or dates of optional redemption thereof, any mandatory sinking fund redemption provisions,

and procuring bond insurance, if any, approving modifications to this Resolution and executing such instruments, documents and agreements as may be necessary with respect thereto, and all other matters relating to the issuance, sale and delivery of the Bonds; the Issuer acknowledges that the refunding accomplished through the issuance of the Bonds is undertaken for debt restructuring purposes.

(b) The Initial Bond is hereby authorized to be issued, sold, and delivered hereunder as a single fully registered Bond, without interest coupons, in the denomination and aggregate principal amount set forth in the Approval Certificate (not exceeding [\$150,000,000]), numbered TR-1, payable in annual installments of principal to the initial registered owner thereof or to the registered assignee or assignees of said Initial Bond or any portion or portions thereof (in each case, the "registered owner"), with the annual installments of principal of the Initial Bond to be payable on the dates, respectively, and in the principal amounts, respectively, and may and shall be prepaid or redeemed prior to the respective scheduled due dates of installments of principal thereof, all as set forth in the Approval Certificate.

(c) The Initial Bond (i) if so provided in the Approval Certificate, may and/or shall be prepaid or paid on the respective scheduled due dates of installments of principal thereof, (ii) may be assigned and transferred, (iii) may be converted and exchanged for other bonds, (iv) shall have the characteristics, and (v) shall be signed and sealed, and the principal of and interest on the Initial Bond shall be payable, all as provided, and in the manner required or indicated, in the FORM OF INITIAL BOND set forth in this Resolution.

Section 4. INTEREST. The unpaid principal balance of the Initial Bond shall bear interest from the date of the Initial Bond to the respective scheduled due dates, or to the respective dates of prepayment or redemption, of the installments of principal of the Initial Bond, and said interest shall be payable, all in the manner provided and at the rates and on the dates stated in the Approval Certificate and the FORM OF INITIAL BOND set forth in this Resolution.

Section 5. FORM OF INITIAL BOND. The form of the Initial Bond, including the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas to be endorsed on the Initial Bond, shall be substantially as follows:

FORM OF INITIAL BOND

NO. TR-1 \$ \_\_\_\_\_\*

UNITED STATES OF AMERICA  
STATE OF TEXAS  
NORTH TEXAS MUNICIPAL WATER DISTRICT  
UPPER EAST FORK WASTEWATER INTERCEPTOR SYSTEM  
CONTRACT REVENUE ECP REFUNDING BOND,  
[(TAXABLE)]\*\*

NORTH TEXAS MUNICIPAL WATER DISTRICT (the "Issuer"), being a political subdivision of the State of Texas, hereby promises to pay to \_\_\_\_\_\*,

\* From Approval Certificate.

\*\* Include only if the Bonds are issued on a taxable basis

or to the registered assignee or assignees of this Bond or any portion or portions hereof (in each case, the "registered owner") the aggregate principal amount of \_\_\_\_\_ \* DOLLARS in annual installments of principal due and payable on June 1 in each of the years, and in the respective principal amounts, as set forth in the following schedule:

<u>Year*</u>	<u>Principal Amount*</u>	<u>Year*</u>	<u>Principal Amount*</u>
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and to pay interest, calculated on the basis of a 360-day year composed of twelve 30-day months, from the date of initial delivery of this Bond to the Purchaser (as defined in the Bond Resolution (hereinafter defined)), on the balance of each such installment of principal, respectively, from time to time remaining unpaid, at the rates as follows:

<u>Year*</u>	<u>Rate*</u>	<u>Year*</u>	<u>Rate*</u>
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with said interest being payable semiannually on each June 1 and December 1, commencing \_\_\_\_\_, \_\_\_\_\_\*, while this Bond or any portion hereof is outstanding and unpaid.

THE INSTALLMENTS OF PRINCIPAL OF AND THE INTEREST ON this Bond are payable in lawful money of the United States of America, without exchange or collection charges. The installments of principal and the interest on this Bond are payable to the registered owner hereof through the services of THE BANK OF NEW YORK MELLON TRUST COMPANY, NATIONAL ASSOCIATION, in Dallas, Texas, which is the "Paying Agent/Registrar" for this Bond. Payment of all principal of and interest on this Bond shall be made by the Paying Agent/ Registrar to the registered owner hereof on each principal and/or interest payment date by check dated as of such date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the Issuer required by the resolution authorizing the issuance of this Bond (the "Bond Resolution") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check shall be sent by the Paying Agent/Registrar by United States mail, first- class postage prepaid, on each such principal and/or interest payment date, to the registered owner hereof, at the address of the registered owner, as it appeared on the 15th day of the month next preceding each such date (the "Record Date") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. The Issuer covenants with the registered owner of this Bond that on or before each principal and/or interest payment date for this Bond it will make available to the Paying Agent/Registrar, from the

\* From Approval Certificate.

"Interest and Sinking Fund" created by the Bond Resolution, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on this Bond, when due.

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

THIS BOND has been authorized in accordance with the Constitution and laws of the State of Texas for the purpose of obtaining funds (i) to refund a portion of the Issuer's outstanding "North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Contract Revenue Bonds—Extendable Commercial Paper Mode" and (ii) to pay costs of issuance of the Bonds.

ON \_\_\_\_\_, \_\_\_\_,\* or on any date whatsoever thereafter, the unpaid installments of principal of this Bond may be prepaid or redeemed prior to their scheduled due dates, at the option of the Issuer, with funds derived from any available source, as a whole, or in part, and, if in part, the particular portion of this Bond to be prepaid or redeemed shall be selected and designated by the Issuer (provided that a portion of this Bond may be redeemed only in an integral multiple of \$5,000), at the prepayment or redemption price of the par or principal amount thereof, plus accrued interest to the date fixed for prepayment or redemption.

\*\*[THE PRINCIPAL INSTALLMENTS OF THIS BOND maturing on June 1, \_\_\_\_ and June 1, \_\_\_\_ are subject to mandatory prepayment or redemption prior to maturity in part, at a price equal to the principal amount of this Bond or portions hereof to be prepaid or redeemed plus accrued interest to the date of prepayment or redemption, on June 1 in each of the years and in the amounts as follows:

Principal Installment due on June 1, \_\_\_\_

Years

Amounts

Principal Installment due on June 1, \_\_\_\_

Years

Amounts

The amount of any principal installment of this Bond required to be prepaid or redeemed pursuant to the operation of such mandatory prepayment or redemption provisions shall be reduced,

\* From Approval Certificate.

\*\* If applicable, from Approval Certificate.

at the option and direction of the Issuer, by the principal amount of such principal installment of this Bond which, at least 50 days prior to the mandatory prepayment or redemption date (1) shall have been acquired by the Issuer at a price not exceeding such principal amount plus accrued interest to the date of purchase thereof, (2) shall have been purchased by the Paying Agent/Registrar at the request of the Issuer at a price not exceeding such principal amount plus accrued interest to the date of purchase, or (3) shall have been prepaid or redeemed pursuant to the optional prepayment or redemption provisions and not theretofore credited against a mandatory prepayment or redemption requirement.]

AT LEAST 30 days prior to the date fixed for any such prepayment or redemption a written notice of such prepayment or redemption shall be mailed by United States mail, postage prepaid, by the Paying Agent/Registrar to the registered owner hereof at the address of such registered owner appearing on the registration books of the Issuer kept by the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing of such notice. Any notice so mailed shall be conclusively presumed to have been duly given, whether or not the registered owner receives such notice. By the date fixed for any such prepayment or redemption due provision shall be made by the Issuer with the Paying Agent/Registrar for the payment of the required prepayment or redemption price for this Bond or the portion hereof which is to be so prepaid or redeemed, plus accrued interest thereon to the date fixed for prepayment or redemption. If such written notice of prepayment or redemption is given, and if due provision for such payment is made, all as provided above, this Bond, or the portion thereof which is to be so prepaid or redeemed, thereby automatically shall be treated as prepaid or redeemed prior to its scheduled due date, and shall not bear interest after the date fixed for its prepayment or redemption, and shall not be regarded as being outstanding except for the right of the registered owner to receive the prepayment or redemption price plus accrued interest to the date fixed for prepayment or redemption from the Paying Agent/Registrar out of the funds provided for such payment.

THIS BOND, to the extent of the unpaid or unredeemed principal balance hereof, or any unpaid and unredeemed portion hereof in any integral multiple of \$5,000, may be assigned by the initial registered owner hereof and shall be transferred only in the Registration Books of the Issuer kept by the Paying Agent/Registrar acting in the capacity of registrar for the Bonds, upon the terms and conditions set forth in the Bond Resolution. Among other requirements for such transfer, this Bond must be presented and surrendered to the Paying Agent/Registrar for cancellation, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment by the initial registered owner of this Bond, or any portion or portions hereof in any integral multiple of \$5,000, to the assignee or assignees in whose name or names this Bond or any such portion or portions hereof is or are to be transferred and registered. Any instrument or instruments of assignment satisfactory to the Paying Agent/Registrar may be used to evidence the assignment of this Bond or any such portion or portions hereof by the initial registered owner hereof. A new bond or bonds payable to such assignee or assignees (which then will be the new registered owner or owners of such new Bond or Bonds) or to the initial registered owner as to any portion of this Bond which is not being assigned and transferred by the initial registered owner, shall be delivered by the Paying Agent/Registrar in conversion of and exchange for this Bond or any portion or portions hereof, but solely in the form and manner as

provided in the next paragraph hereof for the conversion and exchange of this Bond or any portion hereof. The registered owner of this Bond shall be deemed and treated by the Issuer and the Paying Agent/Registrar as the absolute owner hereof for all purposes, including payment and discharge of liability upon this Bond to the extent of such payment, and the Issuer and the Paying Agent/Registrar shall not be affected by any notice to the contrary.

AS PROVIDED above and in the Bond Resolution, this Bond, to the extent of the unpaid principal balance hereof, may be converted into and exchanged for a like aggregate principal amount of fully registered bonds, without interest coupons, payable to the assignee or assignees duly designated in writing by the initial registered owner hereof, or to the initial registered owner as to any portion of this Bond which is not being assigned and transferred by the initial registered owner, in any denomination or denominations in any integral multiple of \$5,000 (subject to the requirement hereinafter stated that each substitute bond issued in exchange for any portion of this Bond shall have a single stated principal maturity date), upon surrender of this Bond to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Bond Resolution. If this Bond or any portion hereof is assigned and transferred or converted each bond issued in exchange for any portion hereof shall have a single stated principal maturity date corresponding to the due date of the installment of principal of this Bond or portion hereof for which the substitute bond is being exchanged, and shall bear interest at the rate applicable to and borne by such installment of principal or portion thereof. Such bonds, respectively, shall be subject to redemption prior to maturity on the same dates and for the same prices as the corresponding installment of principal of this Bond or portion hereof for which they are being exchanged. No such bond shall be payable in installments, but shall have only one stated principal maturity date. AS PROVIDED IN THE BOND RESOLUTION, THIS BOND IN ITS PRESENT FORM MAY BE ASSIGNED AND TRANSFERRED OR CONVERTED ONCE ONLY, and to one or more assignees, but the bonds issued and delivered in exchange for this Bond or any portion hereof may be assigned and transferred, and converted, subsequently, as provided in the Bond Resolution. The Issuer shall pay the Paying Agent/Registrar's standard or customary fees and charges for transferring, converting, and exchanging this Bond or any portion thereof, but the one requesting such transfer, conversion, and exchange shall pay any taxes or governmental charges required to be paid with respect thereto. The Paying Agent/Registrar shall not be required to make any such assignment, 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 portion thereof called for prepayment or redemption prior to maturity, within 45 days prior to its prepayment or redemption date.

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

IT IS HEREBY certified, recited, and covenanted that this Bond has been duly and validly authorized, issued, sold, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this Bond have been performed, existed, and been done in accordance with law; that this Bond, together

with other parity bonds, constitutes a special obligation of the Issuer payable from and secured by a first lien on and pledge of the Issuer's Gross Revenues from an "Upper East Fork Wastewater Interceptor System Contract", dated as of July 26, 1984 (the "Initial Contract"), among the Issuer and the Cities of Allen, McKinney, Plano, and Richardson, Texas (the "Initial Contracting Parties"), a "North Texas Municipal Water District - Upper East Fork Wastewater Interceptor System First Supplemental Contract (City of Frisco, Texas)", dated November 19, 1996 (the "Frisco Contract"), between the Issuer and the City of Frisco, Texas ("Frisco"), a "North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Supplemental Contract (City of Princeton, Texas)", dated November 26, 1996 (the "Princeton Contract") between the Issuer and the City of Princeton, Texas ("Princeton"), a "North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Supplemental Contract (Town of Prosper, Texas)", dated February 24, 2004 (the "Prosper Contract") between the Issuer and the Town of Prosper, Texas ("Prosper"), and a "North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Supplemental Contract (City of Melissa, Texas) dated April 1, 2019 (the "Melissa Contract"), between the Issuer and the City of Melissa, Texas ("Melissa") (the Initial Contract, the Frisco Contract, the Princeton Contract, the Prosper Contract, the Melissa Contract, and any similar future contracts with Additional Parties, as defined and permitted therein, the "Contract"),(the Initial Contracting Parties, Frisco, Princeton, Prosper, Melissa, and any other Additional Parties, the "Contracting Parties"), with respect to a wastewater transportation and disposal system to serve the Contracting Parties and others in the area of the Upper East Fork of the Trinity River, and designated as the "Interceptor System" in the Contract. It is specifically provided in the Contract that the Contracting Parties are obligated to make payments in amounts sufficient to pay the principal of and interest on this Bond, when due.

THIS BOND is on a parity in all respects with currently outstanding bonds of those issues of North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Contract Revenue Refunding and Improvement Bonds, Series 2012, authorized by a resolution adopted by the Board on August 23, 2012, North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Contract Revenue Refunding and Improvement Bonds, Series 2015, authorized by a resolution adopted by the Board on March 26, 2015, North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Contract Revenue Refunding and Improvement Bonds, Series 2016, authorized by a resolution adopted by the Board on August 25, 2016, North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Contract Revenue Bonds, Series 2017, authorized by a resolution adopted by the Board on March 23, 2017, North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Contract Revenue Refunding Bonds, Series 2017, authorized by a resolution adopted by the Board on November 29, 2017, North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Contract Revenue Bonds, Series 2018, authorized by a resolution adopted by the Board on February 22, 2018, North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Contract Revenue Bonds, Series 2019, authorized by a resolution adopted by the Board on July 25, 2019, North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Contract Revenue Bonds, Series 2020, authorized by a resolution adopted by the Board on May 28, 2020; and North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Contract Revenue Bonds, Series 2021, authorized by a resolution adopted by the Board on August 26, 2021.

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

THE ISSUER also has reserved the right to amend the Bond Resolution with the approval of the holders owners of 51% in principal amount of all outstanding bonds secured by and payable from a first lien on and pledge of the aforesaid Gross Revenues, subject to the restrictions stated in said Bond Resolution.

THE REGISTERED OWNER hereof shall never have the right to demand payment of this Bond or the interest hereon out of any funds raised or to be raised by taxation or from any source whatsoever other than specified in the Bond Resolution.

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

IN WITNESS WHEREOF, the Issuer has caused this Bond to be signed with the manual or facsimile signature of the President of the Board of Directors of the Issuer and countersigned with the manual or facsimile signature of the Secretary of the Board of Directors of the Issuer, has caused the official seal of the Issuer to be duly impressed, or placed in facsimile, on this Bond, and has caused this Bond to be dated as of \_\_\_\_\_.\*

\_\_\_\_\_  
xxxx  
Secretary, Board of Directors,  
North Texas Municipal Water District

\_\_\_\_\_  
xxxx  
President, Board of Directors,  
North Texas Municipal Water District

(SEAL)

FORM OF REGISTRATION CERTIFICATE OF THE  
COMPTROLLER OF PUBLIC ACCOUNTS:

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO.

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

Witness my signature and seal this \_\_\_\_\_.

\* From Approval Certificate.



(COMPTROLLER'S SEAL)

Section 6. ADDITIONAL CHARACTERISTICS OF THE BONDS. Registration and Transfer. (a) The Issuer shall keep or cause to be kept at the principal corporate trust office of THE BANK OF NEW YORK MELLON TRUST COMPANY, NATIONAL ASSOCIATION, in Dallas, Texas (the "Paying Agent/Registrar") books or records of the registration and transfer of the Bonds (the "Registration Books"), and the Issuer hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such transfers and registrations under such reasonable regulations as the Issuer and Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such transfers and registrations as herein provided. The Paying Agent/Registrar shall obtain and record in the Registration Books the address of the registered owner of each Bond to which payments with respect to the Bonds shall be mailed, as herein provided; but it shall be the duty of each registered owner to notify the Paying Agent/Registrar in writing of the address to which payments shall be mailed, and such interest payments shall not be mailed unless such notice has been given. The Issuer shall have the right to inspect the Registration Books during regular business hours of the Paying Agent/Registrar, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity. Registration of each Bond may be transferred in the Registration Books only upon presentation and surrender of such Bond to the Paying Agent/Registrar for transfer of registration and cancellation, together with proper written instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing (i) the assignment of the Bond, or any portion thereof in any integral multiple of \$5,000, to the assignee or assignees thereof, and (ii) the right of such assignee or assignees to have the Bond or any such portion thereof registered in the name of such assignee or assignees. Upon the assignment and transfer of any Bond or any portion thereof, a new substitute Bond or Bonds shall be issued in conversion and exchange therefor in the manner herein provided. The Initial Bond, to the extent of the unpaid or unredeemed principal balance thereof, may be assigned and transferred by the initial registered owner thereof once only, and to one or more assignees designated in writing by the initial registered owner thereof. All Bonds issued and delivered in conversion of and exchange for the Initial Bond shall be in any denomination or denominations of any integral multiple of \$5,000 (subject to the requirement hereinafter stated that each substitute Bond shall have a single stated principal maturity date), shall be in the form prescribed in the FORM OF SUBSTITUTE BOND set forth in this Resolution, and shall have the characteristics, and may be assigned, transferred, and converted as hereinafter provided. If the Initial Bond or any portion thereof is assigned and transferred or converted the Initial Bond must be surrendered to the Paying Agent/Registrar for cancellation, and each Bond issued in exchange for any portion of the Initial Bond shall have a single stated principal maturity date, and shall not be payable in installments; and each such Bond shall have a principal maturity date corresponding to the due date of the installment of principal or portion thereof for which the substitute Bond is being exchanged; and each such Bond shall bear interest at the single rate applicable to and borne by such installment of principal or portion thereof for which it is being exchanged. If only a portion of the Initial Bond is assigned and transferred, there shall be delivered to and registered in the name of the initial registered owner substitute Bonds in exchange for the unassigned balance of the Initial Bond in the same manner as

if the initial registered owner were the assignee thereof. If any Bond or portion thereof other than the Initial Bond is assigned and transferred or converted each Bond issued in exchange therefor shall have the same principal maturity date and bear interest at the same rate as the Bond for which it is exchanged. A form of assignment shall be printed or endorsed on each Bond, excepting the Initial Bond, which shall be executed by the registered owner or its duly authorized attorney or representative to evidence an assignment thereof. Upon surrender of any Bonds or any portion or portions thereof for transfer of registration, an authorized representative of the Paying Agent/Registrar shall make such transfer in the Registration Books, and shall deliver a new fully registered substitute Bond or Bonds, having the characteristics herein described, payable to such assignee or assignees (which then will be the registered owner or owners of such new Bond or Bonds), or to the previous registered owner in case only a portion of a Bond is being assigned and transferred, all in conversion of and exchange for said assigned Bond or Bonds or any portion or portions thereof, in the same form and manner, and with the same effect, as provided in Section 6(d), below, for the conversion and exchange of Bonds by any registered owner of a Bond. The Issuer shall pay the Paying Agent/Registrar's standard or customary fees and charges for making such transfer and delivery of a substitute Bond or Bonds, but the one requesting such transfer shall pay any taxes or other governmental charges required to be paid with respect thereto. The Paying Agent/Registrar shall not be required to make transfers of registration of any Bond or any portion thereof (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 45 days prior to its redemption date.

(b) Ownership of Bonds. The entity in whose name any Bond shall be registered in the Registration Books at any time shall be deemed and treated as the absolute owner thereof for all purposes of this Resolution, whether or not such Bond shall be overdue, and the Issuer and the Paying Agent/Registrar shall not be affected by any notice to the contrary; and payment of, or on account of, the principal of, premium, if any, and interest on any such Bond shall be made only to such registered owner. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

(c) Payment of Bonds and Interest. The Issuer hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of and interest on the Bonds, and to act as its agent to convert and exchange or replace Bonds, all as provided in this Resolution. The Paying Agent/Registrar shall keep proper records of all payments made by the Issuer and the Paying Agent/Registrar with respect to the Bonds, and of all conversions and exchanges of Bonds, and all replacements of Bonds, as provided in this Resolution.

(d) Conversion and Exchange or Replacement; Authentication. Each Bond issued and delivered pursuant to this Resolution, to the extent of the unpaid or unredeemed principal balance or principal amount thereof, may, upon surrender of such Bond at the principal corporate trust office of the Paying Agent/Registrar, together with a written request therefor duly executed by the registered owner or the assignee or assignees thereof, or its or their duly authorized attorneys or representatives, with guarantee of signatures satisfactory to the Paying Agent/Registrar, may, at the option of the registered owner or such assignee or assignees, as appropriate, be converted into and exchanged for fully registered bonds, without interest coupons, in the form prescribed in the FORM

OF SUBSTITUTE BOND set forth in this Resolution, in the denomination of \$5,000, or any integral multiple of \$5,000 (subject to the requirement hereinafter stated that each substitute Bond shall have a single stated maturity date), as requested in writing by such registered owner or such assignee or assignees, in an aggregate principal amount equal to the unpaid or unredeemed principal balance or principal amount of any Bond or Bonds so surrendered, and payable to the appropriate registered owner, assignee, or assignees, as the case may be. If the Initial Bond is assigned and transferred or converted each substitute Bond issued in exchange for any portion of the Initial Bond shall have a single stated principal maturity date, and shall not be payable in installments; and each such Bond shall have a principal maturity date corresponding to the due date of the installment of principal or portion thereof for which the substitute Bond is being exchanged; and each such Bond shall bear interest at the single rate applicable to and borne by such installment of principal or portion thereof for which it is being exchanged. If any Bond or portion thereof (other than the Initial Bond) is assigned and transferred or converted, each Bond issued in exchange therefor shall have the same principal maturity date and bear interest at the same rate as the Bond for which it is being exchanged. Each substitute Bond shall bear a letter and/or number to distinguish it from each other Bond. The Paying Agent/Registrar shall convert and exchange or replace Bonds as provided herein, and each fully registered bond delivered in conversion of and exchange for or replacement of any Bond or portion thereof as permitted or required by any provision of this Resolution shall constitute one of the Bonds for all purposes of this Resolution, and may again be converted and exchanged or replaced. It is specifically provided that any Bond authenticated in conversion of and exchange for or replacement of another Bond on or prior to the first scheduled Record Date for the Initial Bond shall bear interest from the date of the Initial Bond, but each substitute Bond so authenticated after such first scheduled Record Date shall bear interest from the interest payment date next preceding the date on which such substitute Bond was so authenticated, unless such Bond is authenticated after any Record Date but on or before the next following interest payment date, in which case it shall bear interest from such next following interest payment date; provided, however, that if at the time of delivery of any substitute Bond the interest on the Bond for which it is being exchanged is due but has not been paid, then such Bond shall bear interest from the date to which such interest has been paid in full. THE INITIAL BOND issued and delivered pursuant to this Resolution is not required to be, and shall not be, authenticated by the Paying Agent/Registrar, but on each substitute Bond issued in conversion of and exchange for or replacement of any Bond or Bonds issued under this Resolution there shall be printed a certificate, in the form substantially as follows:

"PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

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

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

Dated

\_\_\_\_\_  
Authorized Representative"

An authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Bond, date and manually sign the above Certificate, and no such Bond shall be deemed to be issued or outstanding unless such Certificate is so executed. The Paying Agent/Registrar promptly shall cancel all Bonds surrendered for conversion and exchange or replacement. No additional ordinances, orders, or resolutions need be passed or adopted by the governing body of the Issuer or any other body or person so as to accomplish the foregoing conversion and exchange or replacement of any Bond or portion thereof, and the Paying Agent/Registrar shall provide for the printing, execution, and delivery of the substitute Bonds in the manner prescribed herein, and said Bonds shall be of type composition printed on paper with lithographed or steel engraved borders of customary weight and strength. Pursuant to Chapter 1201, Texas Government Code, the duty of conversion and exchange or replacement of Bonds as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of the above Paying Agent/Registrar's Authentication Certificate, the converted and exchanged or replaced Bond shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Initial Bond which originally was issued pursuant to this Resolution, approved by the Attorney General, and registered by the Comptroller of Public Accounts. The Issuer shall pay the Paying Agent/Registrar's standard or customary fees and charges for transferring, converting, and exchanging any Bond or any portion thereof, but the one requesting any such transfer, conversion, and exchange shall pay any taxes or governmental charges required to be paid with respect thereto as a condition precedent to the exercise of such privilege of conversion and exchange. The Paying Agent/Registrar shall not be required to make any such conversion and exchange or replacement of Bonds or any portion thereof (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 portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date.

(e) In General. All Bonds issued in conversion and exchange or replacement of any other Bond or portion thereof, (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on such Bonds to be payable only to the registered owners thereof, (ii) may be redeemed prior to their schedule maturities, (iii) may be transferred and assigned, (iv)

may be converted and exchanged for other Bonds, (v) shall have the characteristics, (vi) shall be signed and sealed, and (vii) the principal of and interest on the Bonds shall be payable, all as provided, and in the manner required or indicated, in the FORM OF SUBSTITUTE BOND set forth in this Resolution.

(f) Payment of Fees and Charges. The Issuer hereby covenants with the registered owners of the Bonds that it will (i) pay the standard or customary fees and charges of the Paying Agent/Registrar for its services with respect to the payment of the principal of and interest on the Bonds, when due, and (ii) pay the fees and charges of the Paying Agent/Registrar for services with respect to the transfer of registration of Bonds, and with respect to the conversion and exchange of Bonds solely to the extent above provided in this Resolution.

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

Section 7. FORM OF SUBSTITUTE BONDS. The form of all Bonds issued in conversion and exchange or replacement of any other Bond or portion thereof, including the form of Paying Agent/Registrar's Certificate to be printed on each of such Bonds, and the Form of Assignment to be printed on each of the Bonds, shall be, respectively, substantially as follows, with such appropriate variations, omissions, or insertions as are permitted or required by this Resolution.

#### FORM OF SUBSTITUTE BOND

[Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC") to the Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO

ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

As provided in the Bond Resolution referred to herein, until the termination of the system of book-entry-only transfers through DTC, and notwithstanding any other provision of the Bond Resolution to the contrary, this Bond may be transferred, in whole but not in part, only to a nominee of DTC, or by a nominee of DTC to DTC or a nominee of DTC, or by DTC or a nominee of DTC to any successor securities depository or any nominee thereof.]

NO. R-\_\_ PRINCIPAL AMOUNT  
\$ \_\_\_\_\_

STATE OF TEXAS  
NORTH TEXAS MUNICIPAL WATER DISTRICT  
UPPER EAST FORK WASTEWATER INTERCEPTOR SYSTEM  
CONTRACT REVENUE ECP REFUNDING BOND,  
[(TAXABLE)]\*

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>ISSUE DATE</u>	<u>CUSIP NO.</u>
_____%	JUNE 1, _____	_____, ____**	_____

ON THE MATURITY DATE specified above NORTH TEXAS MUNICIPAL WATER DISTRICT (the "Issuer"), being a political subdivision of the State of Texas, hereby promises to pay to CEDE & CO., or to the registered assignee hereof (either being hereinafter called the "registered owner") the principal amount of \_\_\_\_\_ and to pay interest thereon, calculated on the basis of a 360-day year composed of twelve 30-day months, from the Issue Date specified above, to the Maturity Date specified above, or the date of redemption prior to maturity, at the interest rate per annum specified above; with interest being payable semiannually on each June 1 and December 1, commencing \_\_\_\_\_, \_\_\_\_\*\*, except that if the date of authentication of this Bond is later than the first Record Date (hereinafter defined), such principal amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date (hereinafter defined) but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date.

THE PRINCIPAL OF AND INTEREST ON this Bond are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Bond shall be paid to the registered owner hereof upon presentation and surrender of this Bond at maturity or upon the date fixed for its redemption prior to maturity, at the principal corporate trust office of THE BANK OF NEW YORK MELLON TRUST COMPANY, NATIONAL ASSOCIATION, in Dallas, Texas, which is the "Paying Agent/Registrar" for this Bond. The payment of interest on this Bond shall be made by the Paying Agent/Registrar to the registered owner hereof on each interest payment date by check dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and

\* Include only if Bonds are issued on a taxable basis

\*\* From Approval Certificate.

payable solely from, funds of the Issuer required by the resolution authorizing the issuance of the Bonds (the "Bond Resolution") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the registered owner hereof, at the address of the registered owner, as it appeared on the 15th day of the month next preceding each such date (the "Record Date") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. However, notwithstanding the foregoing provisions, the payment of such interest may be made by any other method acceptable to the Paying Agent/Registrar and requested by, and at the risk and expense of, the registered owner hereof. Any accrued interest due upon the redemption of this Bond prior to maturity as provided herein shall be paid to the registered owner at the principal corporate trust office of the Paying Agent/Registrar upon presentation and surrender of this Bond for redemption and payment at the principal corporate trust office of the Paying Agent/Registrar. The Issuer covenants with the registered owner of this Bond that on or before each principal payment date, interest payment date, and accrued interest payment date for this Bond it will make available to the Paying Agent/Registrar, from the "Interest and Sinking Fund" created by the Bond Resolution, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Bonds, when due.

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

THIS BOND has been authorized in accordance with the Constitution and laws of the State of Texas for the purpose of obtaining funds (i) to refund a portion of the Issuer's outstanding "North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Contract Revenue Bonds—Extendable Commercial Paper Mode" and (ii) to pay costs of issuance of the Bonds.

ON \_\_\_\_\_, \_\_\_\_\_,\* or on any date whatsoever thereafter, the unpaid installments of principal of this Bond may be prepaid or redeemed prior to their scheduled due dates, at the option of the Issuer, with funds derived from any available source, as a whole, or in part, and, if in part, the particular portion of this Bond to be prepaid or redeemed shall be selected and designated by the Issuer and within a maturity the particular Bonds or portions thereof to be selected by the Paying Agent/Registrar by lot or other customary method of random selection (provided that a portion of this Bond may be redeemed only in an integral multiple of \$5,000), at the prepayment or redemption price of the par or principal amount thereof, plus accrued interest to the date fixed for prepayment or redemption.

\*\*[THE BONDS maturing on June 1, \_\_\_\_\_ and June 1, \_\_\_\_\_ (the "Term Bonds") are subject to mandatory redemption prior to maturity in part, by lot or other customary random method selected by the Paying Agent/Registrar, at a redemption price equal to the principal amount of the Term

\* From the Approval Certificate.

\*\* If applicable, from Approval Certificate.

Bonds or portions thereof to be redeemed plus accrued interest to the redemption date, on June 1 in each of the years and in the principal amounts as follows:

Term Bonds maturing on June 1, \_\_\_\_\_

Years	Amounts
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Term Bonds maturing on June 1, \_\_\_\_\_

Years	Amounts
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The principal amount of the Term Bonds of a maturity required to be redeemed pursuant to the operation of such mandatory redemption provisions shall be reduced, at the option and direction of the Issuer, by the principal amount of the Term Bonds of such maturity which, at least 50 days prior to the mandatory redemption date (1) shall have been acquired by the Issuer at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, (2) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the Issuer at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase, or (3) shall have been redeemed pursuant to the optional redemption provisions and not theretofore credited against a mandatory redemption requirement.]

DURING ANY PERIOD in which ownership of the Bonds is determined by a book entry at a securities depository for the Bonds, if fewer than all of the Bonds of the same maturity and bearing the same interest rate are to be redeemed, the particular Bonds of such maturity and bearing such interest rate shall be selected in accordance with the arrangements between the Issuer and the securities depository.

AT LEAST 30 days prior to the date fixed for any such redemption a written notice of such redemption shall be mailed by United States mail, postage prepaid, by the Paying Agent/Registrar to the registered owner hereof at the address of such registered owner appearing on the registration books of the Issuer kept by the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing of such notice. Any notice so mailed shall be conclusively presumed to have been duly given, whether or not the registered owner receives such notice. By the date fixed for any such redemption due provision shall be made by the Issuer with the Paying Agent/Registrar for the payment of the required redemption price for this Bond or the portion hereof which is to be so redeemed, plus accrued interest thereon to the date fixed for prepayment or redemption. If such written notice of redemption is given, and if due provision for such payment is made, all as provided above, this Bond, or the portion thereof which is to be so redeemed, thereby automatically shall be treated as redeemed prior to its scheduled maturity, and shall not bear interest



after the date fixed for its redemption, and shall not be regarded as being outstanding except for the right of the registered owner to receive the redemption price plus accrued interest to the date fixed for redemption from the Paying Agent/Registrar out of the funds provided for such payment. If a portion of any Bond shall be redeemed a substitute Bond or Bonds having the same maturity date, bearing interest at the same rate, in any denomination or denominations in any integral multiple of \$5,000, at the written request of the registered owner, and in aggregate principal amount equal to the unredeemed portion thereof, will be issued to the registered owner upon the surrender thereof for cancellation, at the expense of the Issuer, all as provided in the Bond Resolution.

THIS BOND OR ANY PORTION OR PORTIONS HEREOF IN ANY INTEGRAL MULTIPLE OF \$5,000 may be assigned and shall be transferred only in the Registration Books of the Issuer kept by the Paying Agent/Registrar acting in the capacity of registrar for the Bonds, upon the terms and conditions set forth in the Bond Resolution. Among other requirements for such assignment and transfer, this Bond must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Bond or any portion or portions hereof in any integral multiple of \$5,000 to the assignee or assignees in whose name or names this Bond or any such portion or portions hereof is or are to be transferred and registered. The form of Assignment printed or endorsed on this Bond shall be executed by the registered owner or its duly authorized attorney or representative, to evidence the assignment hereof. A new Bond or Bonds payable to such assignee or assignees (which then will be the new registered owner or owners of such new Bond or Bonds), or to the previous registered owner in the case of the assignment and transfer of only a portion of this Bond, may be delivered by the Paying Agent/Registrar in conversion of and exchange for this Bond, all in the form and manner as provided in the next paragraph hereof for the conversion and exchange of other Bonds. The Issuer shall pay the Paying Agent/Registrar's standard or customary fees and charges for making such transfer, but the one requesting such transfer shall pay any taxes or other governmental charges required to be paid with respect thereto. The Paying Agent/Registrar shall not be required to make transfers of registration of this Bond or any portion hereof (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 portion thereof called for redemption prior to maturity within 45 days prior to its redemption date. The registered owner of this Bond shall be deemed and treated by the Issuer and the Paying Agent/Registrar as the absolute owner hereof for all purposes, including payment and discharge of liability upon this Bond to the extent of such payment, and the Issuer and the Paying Agent/Registrar shall not be affected by any notice to the contrary.

ALL BONDS OF THIS SERIES are issuable solely as fully registered bonds, without interest coupons, in the denomination of any integral multiple of \$5,000. As provided in the Bond Resolution, this Bond, or any unredeemed portion hereof, may, at the request of the registered owner or the assignee or assignees hereof, be converted into and exchanged for a like aggregate principal amount of fully registered bonds, without interest coupons, payable to the appropriate registered owner, assignee, or assignees, as the case may be, having the same maturity date, and bearing interest at the same rate, in any denomination or denominations in any integral multiple of \$5,000 as requested in writing by the appropriate registered owner, assignee, or assignees, as the case may be, upon surrender of this Bond to the Paying Agent/Registrar for cancellation, all in accordance

with the form and procedures set forth in the Bond Resolution. The Issuer shall pay the Paying Agent/Registrar's standard or customary fees and charges for transferring, converting, and exchanging any Bond or any portion thereof, but the one requesting such transfer, conversion, and exchange shall pay any taxes or governmental charges required to be paid with respect thereto as a condition precedent to the exercise of such privilege of conversion and exchange. The Paying Agent/Registrar shall not be required to make any such conversion and 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 portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date.

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

IT IS HEREBY certified, recited, and covenanted that this Bond has been duly and validly authorized, issued, sold, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this Bond have been performed, existed, and been done in accordance with law; that this Bond, together with other parity bonds, constitutes a special obligation of the Issuer payable from and secured by a first lien on and pledge of the Issuer's Gross Revenues from an "Upper East Fork Wastewater Interceptor System Contract", dated as of July 26, 1984 (the "Initial Contract"), among the Issuer and the Cities of Allen, McKinney, Plano, and Richardson, Texas (the "Initial Contracting Parties"), a "North Texas Municipal Water District - Upper East Fork Wastewater Interceptor System First Supplemental Contract (City of Frisco, Texas)", dated November 19, 1996 (the "Frisco Contract"), between the Issuer and the City of Frisco, Texas ("Frisco"), a "North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Supplemental Contract (City of Princeton, Texas)", dated November 26, 1996 (the "Princeton Contract") between the Issuer and the City of Princeton, Texas ("Princeton"), a "North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Supplemental Contract (Town of Prosper, Texas)", dated February 24, 2004 (the "Prosper Contract") between the Issuer and the Town of Prosper, Texas ("Prosper"), and a "North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Supplemental Contract (City of Melissa, Texas) dated April 1, 2019 (the "Melissa Contract"), between the Issuer and the City of Melissa, Texas ("Melissa") (the Initial Contract, the Frisco Contract, the Princeton Contract, the Prosper Contract, the Melissa Contract, and any similar future contracts with Additional Parties, as defined and permitted therein, the "Contract"), (the Initial Contracting Parties, Frisco, Princeton, Prosper, Melissa, and any other Additional Parties, the "Contracting Parties"), with respect to a wastewater transportation and disposal system to serve the Contracting Parties and others in the area of the Upper East Fork of the Trinity River, and designated as the "Interceptor System" in the Contract. It is specifically provided in the Contract that the Contracting Parties are obligated to make payments in amounts sufficient to pay the principal of and interest on this Bond, when due.

THIS BOND is on a parity in all respects with currently outstanding bonds of those issues of North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Contract

Revenue Refunding and Improvement Bonds, Series 2012, authorized by a resolution adopted by the Board on August 23, 2012, North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Contract Revenue Refunding and Improvement Bonds, Series 2015, authorized by a resolution adopted by the Board on March 26, 2015, North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Contract Revenue Refunding and Improvement Bonds, Series 2016, authorized by a resolution adopted by the Board on August 25, 2016, North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Contract Revenue Bonds, Series 2017, authorized by a resolution adopted by the Board on March 23, 2017, North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Contract Revenue Refunding Bonds, Series 2017, authorized by a resolution adopted by the Board on November 29, 2017, North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Contract Revenue Bonds, Series 2018, authorized by a resolution adopted by the Board on February 22, 2018, North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Contract Revenue Bonds, Series 2019, authorized by a resolution adopted by the Board on July 25, 2019, North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Contract Revenue Bonds, Series 2020, authorized by a resolution adopted by the Board on May 28, 2020; and North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Contract Revenue Bonds, Series 2021, authorized by a resolution adopted by the Board on August 26, 2021.

THE ISSUER has reserved the right, subject to the restrictions stated in the Bond Resolution, to issue Additional Bonds payable from and secured by a first lien on and pledge of the aforesaid Gross Revenues on a parity with this Bond and the series of which it is a part.

THE ISSUER also has reserved the right to amend the Bond Resolution with the approval of the holders of 51% in principal amount of all outstanding bonds secured by and payable from a first lien on and pledge of the aforesaid Gross Revenues, subject to the restrictions stated in the Bond Resolution.

THE REGISTERED OWNER hereof shall never have the right to demand payment of this Bond or the interest hereon out of any funds raised or to be raised by taxation or from any source whatsoever other than specified in the Bond Resolution.

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

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

(facsimile signature)  
Secretary, Board of Directors,  
North Texas Municipal Water District

(facsimile signature)  
President, Board of Directors,  
North Texas Municipal Water District

(DISTRICT SEAL)

FORM OF PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

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

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

Dated

\_\_\_\_\_  
Authorized Representative

FORM OF ASSIGNMENT

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto

Please Insert Social Security or  
Other Identifying Number of Assignee

/\_\_\_\_\_/

\_\_\_\_\_  
(Name and Address of Assignee)

the within Bond and does hereby irrevocably constitute and appoint \_\_\_\_\_  
to transfer said Bond on the books kept for registration thereof with full power of substitution in the  
premises.

Date: \_\_\_\_\_

Signature Guaranteed: \_\_\_\_\_

NOTICE: The signature to this assignment must correspond with the name as it appears upon  
the face of the within Bond in every particular, without alteration or enlargement or  
any change whatever; and

NOTICE: Signature(s) must be guaranteed by an eligible guarantor institution participating in  
a Securities Transfer Association recognized signature guarantee program.

Section 8. ADDITIONAL DEFINITIONS AND PLEDGE. (a) In addition to terms defined  
elsewhere in this Resolution, as used in this Resolution the following terms shall have the meanings  
set forth below, unless the text hereof specifically indicates otherwise:

The term "Additional Bonds" shall mean the additional parity revenue bonds permitted to  
be issued in the future as permitted by the 1985 Bond Resolution and this Resolution.

The term "Board" shall mean the Board of Directors of the Issuer, being the governing body  
of the Issuer, and it is further resolved that the declarations and covenants of the Issuer contained  
in this Resolution are made by, and for and on behalf of the Board and the Issuer, and are binding  
upon the Board and the Issuer for all purposes.

The terms "Bond Resolution" and "Resolution" mean this resolution authorizing the Bonds.

The term "Contract" shall mean the Upper East Fork Wastewater Interceptor System  
Contract, dated as of July 6, 1984, among the Issuer and the Initial Contracting Parties, a "North

Texas Municipal Water District - Upper East Fork Wastewater Interceptor System First Supplemental Contract (City of Frisco, Texas), " dated November 19, 1996, between the Issuer and the City of Frisco, Texas, a "North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Supplemental Contract (City of Princeton, Texas)," dated November 26, 1996, between the Issuer and the City of Princeton, Texas, a "North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Supplemental Contract (Town of Prosper, Texas)," dated February 24, 2004, between the Issuer and the Town of Prosper, Texas, and a "North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Supplemental Contract (City of Melissa, Texas)," dated April 1, 2019 between the Issuer and the City of Melissa, Texas, with respect to the acquisition and construction by the Issuer, for the benefit of the Contracting Parties and others, of the Interceptor System, together with similar contracts, if any, which may be executed in the future between the Issuer and Additional Contracting Parties, as defined and permitted in the aforesaid contract.

The term "Contracting Parties" shall mean the Initial Contracting Parties, the City of Frisco, Texas, the City of Princeton, Texas, the Town of Prosper, Texas, the City of Melissa, Texas together with any other party or parties which becomes one of the Contracting Parties by becoming an Additional Contracting Party as defined in and permitted by the Contract.

The term "Gross Revenues" shall mean all of the revenues or payments received by the Issuer under the Contract.

The terms "Interceptor System" and "System" shall mean a wastewater transportation and disposal system in the area of the Upper East Fork of the Trinity River and designated as the "Interceptor System" in the Contract.

The term "Initial Contracting Parties" shall mean collectively the Cities of Allen, McKinney, Plano, and Richardson, Texas.

The term "1985 Bond Resolution" shall mean the resolution adopted by the Board on February 28, 1985, authorizing the issuance of the "North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Revenue Bonds, Series 1985," the initial issuance of bonds by the Issuer to provide the System

The term "Parity Bonds" shall mean collectively the Bonds, any Additional Bonds, and the unpaid and unrefunded bonds out of the following described Series which will be outstanding after the issuance and delivery of the Bonds: North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Contract Revenue Refunding and Improvement Bonds, Series 2012, authorized by a resolution adopted by the Board on August 23, 2012, North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Contract Revenue Refunding and Improvement Bonds, Series 2015, authorized by a resolution adopted by the Board on March 26, 2015, North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Contract Revenue Refunding and Improvement Bonds, Series 2016, authorized by a resolution adopted by the Board on August 25, 2016, North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Contract Revenue Bonds, Series 2017, authorized by a resolution adopted by the Board on March 23, 2017, North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Contract Revenue Refunding Bonds, Series 2017, authorized by a

resolution adopted by the Board on November 29, 2017, North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Contract Revenue Bonds, Series 2018, authorized by a resolution adopted by the Board on February 22, 2018, North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Contract Revenue Bonds, Series 2019, authorized by a resolution adopted by the Board on July 25, 2019, North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Contract Revenue Bonds, Series 2020, authorized by a resolution adopted by the Board on May 28, 2020, and North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Contract Revenue Bonds, Series 2021, authorized by a resolution adopted by the Board on August 26, 2021.

The term "year" shall mean the 12 month period beginning each October 1, or such other 12 month period hereafter established by the Issuer as a fiscal year for the purposes of this Resolution.

(b) The Bonds authorized by this Resolution are hereby designated as, and shall be, additional parity revenue bonds as permitted by Section 17 of the 1985 Bond Resolution and it is hereby determined, declared, and resolved that all of the Parity Bonds, including the Bonds authorized by this Resolution, are and shall be secured and payable equally and ratably on a parity, and that Sections 8 through 23 of this Resolution substantially restate and are supplemental to and cumulative of Sections 8 through 23 of the resolutions authorizing the issuance of the Parity Bonds, with Sections 8 through 23 of this Resolution being equally applicable to all of the Parity Bonds, including the Bonds.

(c) It is specifically recognized that the Contracting Parties are required to make payments to the Issuer pursuant to the Contract, and particularly under Sections 11 and 14 thereof, sufficient to enable the Issuer to make all deposits and payments provided for herein, and that all Parity Bonds, and the interest thereon, are and shall be payable from and secured by a first lien on and pledge of all of the Gross Revenues, and the Gross Revenues are further pledged irrevocably to the establishment and maintenance of the Funds hereinafter described.

Section 9. SPECIAL FUNDS. All Gross Revenues shall be accounted for separate and apart from all other funds of the Issuer, and the following special Funds have been created and established and are hereby confirmed and shall be maintained on the books of the Issuer, so long as any of the Parity Bonds, or interest thereon, are outstanding and unpaid:

- (a) the Revenue Fund;
- (b) the Interest and Sinking Fund (which shall be kept and maintained at The Bank of New York Mellon Trust Company, National Association, Dallas, Texas); and
- (c) the Reserve Fund (which shall be kept and maintained at The Bank of New York Mellon Trust Company, National Association, Dallas, Texas).

Section 10. REVENUE FUND. All Gross Revenues shall be credited as received by the Issuer to the Revenue Fund, and shall be deposited from the Revenue Fund into the other Funds created by this Resolution, in the manner and amounts hereinafter provided, and each of such Funds



shall have priority as to such deposits in the order in which they are treated in the following Sections.

Section 11. INTEREST AND SINKING FUND. There shall be deposited into the Interest and Sinking Fund the following:

(a) immediately after the delivery of the Initial Bond all accrued interest, if any, from the proceeds from the sale of the Initial Bond shall be deposited to the credit of the Interest and Sinking Fund.

(b) on or before the last day of the month preceding each interest payment date for the Bonds, an amount equal to the interest and/or principal and interest coming due on all Parity Bonds on the next succeeding interest payment date, including any principal required to be redeemed prior to maturity on such date.

The Interest and Sinking Fund shall be used solely to pay the principal of and interest on the Parity Bonds as such principal matures and such interest comes due.

Section 12. RESERVE FUND. Out of proceeds of the Bonds, there shall be deposited to the credit of the Reserve Fund an amount, if any, sufficient to result in there being on deposit in the Reserve Fund, money and/or investments at least equal in market value to the average annual principal and interest requirements for all the Parity Bonds which will be outstanding after the delivery of the Initial Bond (the "Reserve Required Amount"). 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; but if and whenever the market value 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 require the Contracting Parties to increase their payments under the Contract 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; and in the event the Reserve Fund is used to pay the principal of or interest on any Parity Bonds because of insufficient amounts being available in the Interest and Sinking Fund, then the Issuer shall require the Contracting Parties to increase their payments under the Contract 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 within five years from any date of the use of the Reserve Fund to pay such principal or interest. The Reserve Fund shall be used solely to pay the principal of or interest on the Parity Bonds at any time when there is not sufficient money available in the Interest and Sinking Fund for such purpose, or finally to pay and retire the last of the outstanding Parity Bonds.

Section 13. INVESTMENTS. Money in any Fund maintained pursuant to this Resolution may, at the option of the Issuer, be placed in secured time deposits or certificates of deposit secured by obligations of the type hereinafter described, or be invested in direct obligations of the United States of America, obligations guaranteed or insured by the United States of America, obligations guaranteed or insured by the United States of America, which, in the opinion of the Attorney General of the United States, are backed by its full faith and credit or represent its general

obligations, or invested in indirect obligations of the United States of America, including, but not limited to, evidences of indebtedness issued, insured, or guaranteed by such governmental agencies as the Federal Land Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, Federal Home Loan Banks, Government National Mortgage Association, United States Postal Service, Farmers Home Administration, Federal Home Loan Mortgage Association, Small Business Administration, Federal Housing Association, or Participation Certificates in the Federal Assets Financing Trust. Such deposits and investments shall be made consistent with the estimated requirements of such Funds, and any obligation in which money is so invested shall be kept and held at the bank at which the Fund is maintained for the benefit of the owners of the Parity Bonds, and shall be promptly sold and the proceeds of sale applied to the making of all payments required to be made from the Fund from which the investment was made. All earnings from the deposit or investment of any such Fund shall be credited to such Fund. It is provided, however, that when the Reserve Fund contains an amount in excess of the Required Reserve Amount, such excess shall be deposited into the Interest and Sinking Fund, and thereby reduce the amounts which otherwise would be required to be deposited into the Interest and Sinking Fund, with the result that the Contracting Parties' semiannual principal and/or interest payments under the Contract shall be reduced accordingly.

Section 14. DEFICIENCIES IN FUNDS. If the Issuer should fail at any time to deposit into any Fund maintained pursuant to this Resolution the full amounts required, amounts equivalent to such deficiencies shall be set apart and paid into said Funds from the first available Gross Revenues, and such payments shall be in addition to the amounts otherwise required to be deposited into said Funds.

Section 15. ISSUER'S EXPENSES. The Gross Revenues in excess of those necessary to maintain the Funds as required in this Resolution, or as hereafter may be required in connection with the issuance of additional parity revenue bonds, shall be used by the Issuer to pay its expenses attributable to the Parity Bonds and the Interceptor System, as described in the Contract and acquired and constructed in accordance with the Contract, including the fees and charges of the Paying Agent/Registrar, and all costs and expenses of operating and maintaining the Interceptor System.

Section 16. SECURITY FOR FUNDS. All Funds maintained pursuant to this Resolution shall be secured in the manner and to the fullest extent permitted or required by law for the security of public funds, and such Funds shall be used only for the purposes and in the manner permitted or required by this Resolution.

Section 17. ADDITIONAL BONDS. The Issuer reserves the right to issue additional parity revenue bonds only for the purpose of refunding any Parity Bonds and/or for the purpose of completing the acquisition and construction of the "Interceptor System", as described in the Contract, and/or to improve and/or extend the Interceptor System. Such additional parity revenue bonds shall be considered, constitute, and be defined as "Bonds" and "Parity Bonds", respectively, for all purposes of the Contract and this Resolution, and when issued and delivered, they shall be payable from and secured by a first lien on and pledge of the Gross Revenues, in the same manner and to the same extent as the other Parity Bonds; and all of the Parity Bonds shall in all respects be

on a parity and of equal dignity. The additional parity revenue bonds may be issued in one or more installments or series, provided, however, that no such installment or series shall be issued unless:

(a) a certificate is executed by the President and Secretary of the Board of Directors of the Issuer to the effect that no default exists in connection with any of the covenants or requirements of the resolution or resolutions authorizing the issuance of all then outstanding Parity Bonds, and that the Interest and Sinking Fund and the Reserve Fund each contains the amount then required to be on deposit therein;

(b) the resolution authorizing the issuance of such installment or series of bonds shall provide for the payment of the principal of and interest on such bonds, and that the aggregate amount to be accumulated and maintained in the Reserve Fund shall, if and to the extent necessary, be increased (within five years from the date of such installment or series of bonds, and in approximately equal deposits, not less than annual) to an aggregate amount at least equal to the average annual principal and interest requirements for all Parity Bonds to be outstanding after the issuance and delivery of the installment or series of Parity Bonds then proposed to be issued;

(c) all calculations of average annual principal and interest requirements made pursuant to this Section are to be made as of and from the date of the installment or series of Parity Bonds then proposed to be issued.

Section 18. ACCOUNTS AND RECORDS. The Issuer shall keep proper books of records and accounts, separate from all other records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the Contract. The Issuer shall have said books audited once each Issuer fiscal year by a Certified Public Accountant.

Section 19. ACCOUNTING REPORTS. Within ninety days after the close of each Issuer fiscal year the Issuer will furnish, without cost, to the original purchasers of the Parity Bonds, and to any owner of any outstanding Parity Bond who may so request, a signed or certified copy of a report by a Certified Public Accountant covering the next preceding fiscal year, showing the following information:

- (a) A detailed statement of all Gross Revenues;
- (b) Balance sheet as of the end of said fiscal year.

Section 20. INSPECTION. Any owner or owners of any Parity Bonds shall have the right at all reasonable times to inspect all records, accounts, and data of the Issuer relating to the Contract and the Funds maintained pursuant to this Resolution.

Section 21. SPECIAL COVENANTS. The Issuer further covenants as follows:

(a) that other than for the payment of the Parity Bonds the Gross Revenues have not in any manner been pledged to the payment of any debt or obligation of the Issuer.

(b) that while any of the Parity Bonds are outstanding, the Issuer will not, with the exception of the additional parity revenue bonds expressly permitted by this Resolution to be issued, additionally encumber the Gross Revenues.

(c) that the Issuer will carry out all of its obligations under the Contract; and when or if necessary will promptly enforce and cause the Contracting Parties to carry out all of their obligations under the Contract, for the benefit of the Issuer and the owners of the Parity Bonds, by all legal and equitable means, including the use of mandamus proceedings against the Contracting Parties.

Section 22. PARITY BONDS ARE SPECIAL OBLIGATIONS. The Parity Bonds shall be special obligations of the Issuer payable solely from the pledged Gross Revenues, and the registered owner or owners of the Parity Bonds shall never have the right to demand payment thereof out of funds raised or to be raised by the levy of taxes by the Issuer.

Section 23. AMENDMENT OF RESOLUTION. (a) The owners of Parity Bonds aggregating 51% in principal amount of the aggregate principal amount of then outstanding Parity Bonds shall have the right to approve any amendment to any resolution authorizing the issuance of Parity Bonds, which may be deemed necessary or desirable by the Issuer, provided, however, that nothing herein contained shall permit or be construed to permit the amendment of the terms and conditions in said resolutions or in the Parity Bonds so as to:

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

(b) If at any time the Issuer shall desire to amend a resolution under this Section, the Issuer shall cause notice of the proposed amendment to be published in a financial newspaper or journal published in the City of New York, New York, or in the City of Austin, Texas, once during each calendar week for at least two successive calendar weeks. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy thereof is on file at the principal office of each Paying Agent/Registrar for the Parity Bonds for inspection by all owners of Parity Bonds. Such publication is not required, however, if notice in writing is given to each owner of Parity Bonds.

(c) Whenever at any time not less than thirty days, and within one year, from the date of the first publication of notice or other service of written notice the Issuer shall receive an instrument or instruments executed by the owners of at least 51% in aggregate principal amount of

all Parity Bonds then outstanding, which instrument or instruments shall refer to the proposed amendment described in said notice and which specifically consent to and approve such amendment in substantially the form of the copy thereof on file as aforesaid, the Issuer may adopt the amendatory resolution in substantially the same form.

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

(e) Any consent given by the owner of a Parity Bond pursuant to the provisions of this Section shall be irrevocable for a period of six months from the date of the first publication of the notice provided for in this Section, and shall be conclusive and binding upon all future owners of the same Parity Bond during such period. Such consent may be revoked at any time after six months from the date of the first publication of such notice by the owner who gave such consent, or by a successor in title, by filing notice thereof with each Paying Agent/Registrar for the Parity Bonds, and the Issuer, but such revocation shall not be effective if the owners of 51% in aggregate principal amount of the then outstanding Parity Bonds as in this Section defined have, prior to the attempted revocation, consented to and approved the amendment.

(f) For the purpose of this Section, the ownership of all Parity Bonds shall be ascertained by the registration books pertaining thereto kept by the Paying Agent/Registrar. The Issuer may conclusively assume that such holding or ownership continues until written notice to the contrary is served upon the Issuer.

Section 24. DEFEASANCE OF BONDS. (a) The Initial Bond and each of the other Bonds and the interest thereon shall be deemed to be paid, retired, and no longer outstanding (a "Defeased Bond") within the meaning of this Resolution, except to the extent provided in subsection (d) of this Section, when payment of the principal of such Bond, plus interest thereon to the due date (whether such due date be by reason of maturity, upon redemption, or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof (including the giving of any required notice of redemption), or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar for such payment (1) lawful money of the United States of America sufficient to make such payment or (2) Government Obligations which mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to provide for such payment, and when proper arrangements have been made by the Issuer with the Paying Agent/Registrar for the payment of its services until all Defeased Bonds shall have become due and payable. At such time as a Bond shall be deemed to be a Defeased Bond hereunder, as aforesaid, such Bond and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the Gross Revenues as provided in this Resolution, and such principal and interest shall be payable solely from such money or Government Obligations.

(b) Any moneys so deposited with the Paying Agent/Registrar may at the written direction of the Issuer also be invested in Government Obligations, maturing in the amounts and

times as hereinbefore set forth, and all income from such Government Obligations received by the Paying Agent/Registrar which is not required for the payment of the Bonds and interest thereon, with respect to which such money has been so deposited, shall be turned over to the Issuer, or deposited as directed in writing by the Issuer.

(c) The term "Government Obligations" as used in this Section shall mean (i) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, and (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the Board of Directors adopts or approves proceedings authorizing the issuance of refunding bonds or otherwise provide for the funding of an escrow to effect the defeasance of the Bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent.

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

#### Section 25. DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED BONDS.

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

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

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

(d) Charge for Issuing Replacement Bonds. Prior to the issuance of any replacement bond, the Paying Agent/Registrar shall charge the registered owner of such Bond with all legal,

printing, and other expenses in connection therewith. Every replacement bond issued pursuant to the provisions of this Section by virtue of the fact that any Bond is lost, stolen, or destroyed shall constitute a contractual obligation of the Issuer whether or not the lost, stolen, or destroyed Bond shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits of this Resolution equally and proportionately with any and all other Bonds duly issued under this Resolution.

(e) Authority for Issuing Replacement Bonds. In accordance with Chapter 1201, Texas Government Code, this Section of this Resolution shall constitute authority for the issuance of any such replacement bond without necessity of further action by the governing body of the Issuer or any other body or person, and the duty of the replacement of such bonds is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such Bonds in the form and manner and with the effect, as provided in Section 6(d) of this Resolution for Bonds issued in conversion and exchange for other Bonds.

Section 26. COVENANTS REGARDING TAX-EXEMPTION. The provisions of this Section 26 shall apply to the Bonds only if the Bonds are issued as tax-exempt obligations as designated in the Approval Certificate. (a) Covenants. The Issuer covenants to refrain from any action which would adversely affect, or to take such action to assure, the treatment of the Bonds as obligations described in section 103 of the Internal Revenue Code of 1986 (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:

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

(2) to take any action to assure that in the event that the "private business use" described in subsection (a) hereof exceeds five percent of the proceeds of the Bonds or the projects financed therewith (less amounts deposited into a reserve fund, if any) then the amount in excess of five 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;

(3) to take any action to assure that no amount which is greater than the lesser of \$5,000,000, or five 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;

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

(5) 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;

(6) 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 --

(A) proceeds of the Bonds invested for a reasonable temporary period of 3 years or less or, in the case of a refunding bond, for a period of 90 days or less until such proceeds are needed for the purpose for which the Bonds are issued,

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

(c) 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;

(7) 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);

(8) to refrain from using the proceeds of the Bonds or proceeds of any prior bonds to pay debt service on another issue more than 90 days after the date of issue of the Bonds in contravention of the requirements of section 149(d) of the Code (relating to advance refundings); and

(9) 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.

(b) Compliance with Code. For purposes of the foregoing, 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 failure to comply, in the opinion of nationally-recognized bond



counsel, will not adversely affect the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated which impose additional requirements which are applicable to the Bonds, the Issuer agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally-recognized bond counsel, to preserve the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In furtherance of such intention, the Issuer hereby authorizes and directs its President, Executive Director, Deputy Director - Administrative Services, and Assistant Deputy - Finance 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. The Issuer covenants to comply with the covenants contained in this Section after defeasance of the Bonds.

(c) Rebate Fund. In order to facilitate compliance with the above covenant (a)(9), 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.

(d) Written Procedures. Unless superseded by another action of the Issuer to ensure compliance with the covenants contained herein regarding private business use, remedial actions, arbitrage and rebate, the Issuer hereby adopts and establishes the instructions attached hereto as Exhibit A as their written procedures applicable to Bonds issued pursuant to the Contract.

**Section 27. DISPOSITION OF PROJECT.** If the Bonds are issued on a tax-exempt basis, the Issuer covenants that the property financed or refinanced with proceeds of the Bonds (the "Project") will not be sold or otherwise disposed in a transaction resulting in the receipt by the Issuer of cash or other compensation, unless the Issuer obtains an opinion of nationally-recognized bond counsel that such sale or other disposition will not adversely affect the tax-exempt status of the Bonds. For purposes of the foregoing, the portion of the property comprising personal property and disposed in the ordinary course shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes hereof, the Issuer shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

**Section 28. ALLOCATION OF, AND LIMITATION ON, EXPENDITURES FOR THE PROJECT.** If the Bonds are issued on a tax-exempt basis, the Issuer covenants to account for the expenditure of sale proceeds and investment earnings to be used for the Project on its books and records by allocating proceeds to expenditures within 18 months of the later of the date that (1) the expenditure is made, or (2) the Project is completed. The foregoing notwithstanding, the Issuer shall not expend sale proceeds or investment earnings thereon more than 60 days after the later of (1) the fifth anniversary of the delivery of the Bonds, or (2) the date the Bonds are retired, unless the Issuer obtains an opinion of nationally-recognized bond counsel that such expenditure will not adversely affect the tax-exempt status of the Bonds. For purposes hereof, the Issuer shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

Section 29. INTEREST EARNINGS ON BOND PROCEEDS. Interest earnings derived from the investment of proceeds from the sale of the Initial Bond shall be used along with other proceeds for the improvement and extension of the Project, provided that after completion of the Project, 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 Initial Bond proceeds which are required to be rebated to the United States of America pursuant to this Resolution to prevent the Bonds from being "arbitrage bonds" within the meaning of the Code shall be so rebated and not considered as interest earnings for the purposes of this Section.

Section 30. CUSTODY, APPROVAL, AND REGISTRATION OF BONDS; BOND COUNSEL'S OPINION, CUSIP NUMBERS, AND PREAMBLE. The President of the Board and any Authorized Officer is hereby authorized to have control of the Initial Bond issued hereunder and all necessary records and proceedings pertaining to the Initial Bond pending its delivery and its investigation, examination, and approval by the Attorney General of the State of Texas, and its registration by the Comptroller of Public Accounts of the State of Texas. Upon registration of the Initial Bond said Comptroller of Public Accounts (or a deputy designated in writing to act for said Comptroller) shall manually sign the Comptroller's Registration Certificate on or attached to the Initial Bond, and the seal of said Comptroller shall be impressed, or placed in facsimile, on the Initial Bond. The approving legal opinion of the Issuer's Bond Counsel and the assigned CUSIP numbers may, at the option of the Issuer, be printed on the Initial Bond or on any Bond issued and delivered in conversion of and exchange or replacement of any Bond, but neither shall have any legal effect, and shall be solely for the convenience and information of the registered owners of the Bonds. The preamble to this Resolution is hereby adopted and made a part hereof for all purposes.

Section 31. SALE OF BONDS; PURCHASE AGREEMENT. Pursuant to the authorizations in Section 3 hereof, as approved by an Authorized Officer, the Bonds may be sold either pursuant to the taking of bids therefor or pursuant to a purchase agreement (the "Purchase Agreement") with a purchaser or purchasers (collectively, the "Purchaser") to be approved by an Authorized Officer, and any supplements thereto which may be necessary to accomplish the issuance of Bonds. Such Purchase Agreement is hereby authorized to be dated, executed and delivered on behalf of the Issuer by an Authorized Officer, with such changes therein as shall be approved by an Authorized Officer, the execution thereof by an Authorized Officer to constitute evidence of such approval. The delegation of authority to an Authorized Officer to approve the final terms of the Bonds as set forth in this Resolution is, and the decisions made by an Authorized Officer pursuant to such delegated authority will be, in the best interests of the Issuer, and an Authorized Officer is authorized to make a finding to such effect in the Approval Certificate.

Section 32. OFFICIAL STATEMENT. A Preliminary Official Statement relating to the Bonds is hereby authorized to be approved by an Authorized Officer distributed to prospective investors and other interested parties in connection with an underwriting and sale of the Bonds, with such changes therein as shall be approved by an Authorized Officer, including such changes as are necessary for distribution as a final Official Statement. It is further officially found, determined, and declared that the statements and representations contained in said Preliminary Official Statement are true and correct in all material respects. The use and distribution by the Purchaser of the Official Statement relating to the Bonds, is hereby approved. For the purpose of review by the Purchaser prior to purchasing the Bonds, the Issuer deems said Preliminary Official Statement to have been "final as of its date" within the meaning of Securities and Exchange Commission Rule 15c2-12.

Section 33. DTC REGISTRATION. The Bonds initially issued in exchange and substitution for the Initial Bond shall be issued and delivered in such manner that no physical distribution of the Bonds will be made to the public, and the Depository Trust Company ("DTC"), New York, New York, initially will act as depository for the Bonds. DTC has represented that it is a limited purpose trust company incorporated under the laws of the State of New York, 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 under Section 17A of the federal Securities Exchange Act of 1934, as amended, and the Issuer accepts, but in no way verifies, such representations. The Initial Bond authorized by this Resolution shall be delivered to and registered in the name of the Purchaser. However, it is a condition of delivery and sale that the Purchaser, immediately after such delivery, shall cause the Paying Agent/Registrar, as provided for in this Resolution, to cancel said Initial Bond and deliver in exchange therefor a substitute Bond for each maturity of the Initial Bond, as provided for in this Resolution, with each such substitute Bond to be registered in the name of CEDE & CO., the nominee of DTC, and it shall be the duty of the Paying Agent/Registrar to take such action. It is expected that DTC will hold the Bonds on behalf of the Purchaser and/or the DTC Participants, as defined and described in the Official Statement referred to and approved in Section 32 hereof (the "DTC Participants"). So long as each Bond is registered in the name of CEDE & CO., the Paying Agent/Registrar shall treat and deal with DTC in all respects the same as if it were the actual and beneficial owner thereof. It is expected that DTC will maintain a book entry system which will identify beneficial ownership of the Bonds by DTC Participants in integral amounts of \$5,000, with transfers of ownership being effected on the records of DTC and the DTC Participants pursuant to rules and regulations established by them, and that the substitute Bonds initially deposited with DTC shall be immobilized and not be further exchanged for substitute Bonds except as hereinafter provided. The Issuer is not responsible or liable for any functions of DTC, will not be responsible for paying any fees or charges with respect to its services, will not be responsible or liable for maintaining, supervising, or reviewing the records of DTC or the DTC Participants, or protecting any interests or rights of the beneficial owners of the Bonds. It shall be the duty of the Purchaser and the DTC Participants to make all arrangements with DTC to establish this book-entry system, the beneficial ownership of the Bonds, and the method of paying the fees and charges of DTC. The Issuer does not represent, nor does it in any way covenant that the initial book-entry system established with DTC will be maintained in the future. The Issuer reserves the right and option at any time in the future, in its sole discretion, to terminate the DTC (CEDE & CO.) book-entry only registration requirement described above, and to permit the Bonds to be registered in the name of any owner. If the Issuer exercises its right and option to terminate such requirement, it shall give written notice of such termination to the Paying Agent/Registrar and to DTC, and thereafter the Paying Agent/Registrar shall, upon presentation and proper request, register any Bond in any name as provided for in this Resolution. Notwithstanding the initial establishment of the foregoing book-entry system with DTC, if for any reason any of the originally delivered substitute Bonds is duly filed with the Paying Agent/Registrar with proper request for transfer and substitution, as provided for in this Resolution, substitute Bonds will be duly delivered as provided in this Resolution, and there will be no assurance or representation that any book-entry system will be maintained for such Bonds.

Section 34. FURTHER PROCEDURES. The President and Secretary, respectively, of the Board of Directors of the Issuer and any Authorized Officer, 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 all such instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Bond Resolution, the Bonds, the sale of the Bonds, and any Notice of Sale and/or Official Statement. In case any officer whose signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

### Section 35. CONTINUING DISCLOSURE UNDERTAKING.

#### (a) Annual Reports.

The Issuer shall provide or cause to be provided annually to the MSRB, (1) within six months after the end of each fiscal year ending in or after 2022, financial information and operating data of the general type included in the final Official Statement authorized by Section 32 of this Resolution, (i) with respect to the Issuer, in tables numbered \_\_\_\_\_, and (ii) with respect to each Significant Obligated Person in Appendix C, and (2) when and if available, audited financial statements of the Issuer and each Significant Obligated Person. Any financial statements so to be provided shall be prepared in accordance with generally accepted accounting principles or such other accounting principles as the Issuer or any such Significant Obligated Person may be required to employ from time to time pursuant to state law or regulation. If the audit of such financial statements of the Issuer or a Significant Obligated Person is not complete within 12 months after the respective fiscal year end, then the Issuer shall provide or cause to be provided by each Significant Obligated Person unaudited financial statements within such 12-month period and audited financial statements when and if the audit report on such statements become available.

If the Issuer or any such Significant Obligated Person changes its fiscal year, the Issuer will notify or cause the Significant Obligated Person to notify the MSRB of the change (and of the date of the new fiscal year end) prior to the next date by which the Issuer or any such Significant Obligated Person otherwise would be required to provide financial information and operating data pursuant to this Section.

The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document, if it is available from the MSRB) that theretofore has been provided to the MSRB or filed with the SEC

#### (b) Event Notices.

The Issuer shall notify the MSRB, in a timely manner, of any of the following events with respect to the Bonds, not in excess of ten Business Days after occurrence of the event:

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. If the Bonds are issued as tax-exempt obligations, 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 security, or other material events affecting the tax status of the security;
7. Modifications to the rights of security holders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution or sale of property securing repayment of the securities, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Issuer or a Significant Obligated Person;
13. The consummation of a merger, consolidation, or acquisition involving the Issuer or a Significant Obligated Person or the sale of all or substantially all of the assets of the Issuer or a Significant Obligated Person, 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 or additional trustee or the change of name of a trustee, if material.
15. Incurrence of a Financial Obligation of the Issuer or a Significant Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer or a Significant Obligated Person, any of which affect security holders, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer or a Significant Obligated Person, any of which reflect financial difficulties.

For these purposes, (a) any event described in the immediately preceding paragraph 12 is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Issuer or a Significant Obligated Person in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers of the Issuer or a Significant Obligated Person in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer or a Significant Obligated Person and (b) as used in clauses 15 and 16 above, the term "Financial Obligation" means: (i) a debt obligation; (ii) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term Financial Obligation shall not include Municipal Securities as to which a final official statement has been provided to the MSRB consistent with the Rule; the term "Municipal Securities" means securities which are direct obligations of, or obligations guaranteed as to principal or interest by, a state or any political subdivision thereof, or any agency or instrumentality of a state or any political subdivision thereof, or any municipal corporate instrumentality of one or more states and any other Municipal Securities described by Section 3(a)(29) of the Securities Exchange Act of 1934, as the same may be amended from time to time.

The Issuer shall notify or cause the appropriate Significant Obligated Person to notify, in an electronic format as prescribed by the MSRB, the MSRB, in a timely manner, of any failure by the Issuer or any such Significant Obligated Person to provide financial information or operating data in accordance with Section 35(a) of this Resolution by the time required by such Section.

(c) Limitations, Disclaimers, and Amendments.

The Issuer shall be obligated to observe and perform or cause a Significant Obligated Person to observe and perform the covenants specified in this Section for so long as, but only for so long as, such Significant Obligated persons remains a "Significant Obligated Person" with respect to the Bonds, except that the Issuer in any event will give notice of any deposit made in accordance with Section 26 hereof that causes Bonds no longer to be Outstanding.

The provisions of this Section are for the sole benefit of the Holders and beneficial owners of the Bonds, and nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The Issuer undertakes to provide or cause to be provided only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section and does not hereby undertake to provide or cause to be provided any other information that may be relevant or material to a complete presentation of the Issuer's or any Significant Obligated Person's financial results, condition or prospects or hereby undertake to update any information provided in accordance with

this Section or otherwise, except as expressly provided herein. The Issuer does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

**UNDER NO CIRCUMSTANCES SHALL THE ISSUER BE LIABLE TO THE HOLDER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE ISSUER, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, BUT THE RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.**

No default by the Issuer in observing or performing its obligations under this Section shall comprise a breach of or default under this Resolution for purposes of any other provision of this Resolution.

Nothing in this Section is intended or shall act to disclaim, waive, or otherwise limit the duties of the Issuer under federal and state securities laws.

The provisions of this Section may be changed prior to delivery of the Bonds in order to conform to the requirements of any amendments to the Rule which become applicable to the Bonds prior to the delivery thereof to the purchaser. Any such changes shall be approved by the Authorized Officer as evidenced by the Approval Certificate.

The provisions of this Section may be amended by the Issuer from time to time after issuance of the Bonds to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identify, nature, status, or type of operations of the Issuer or any Significant Obligated Person, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a) the Holders of a majority in aggregate principal amount (or any greater amount required by any other provision of this Resolution that authorizes such an amendment) of the outstanding Bonds consent to such amendment or (b) a Person that is unaffiliated with the Issuer (such as nationally recognized bond counsel) determined that such amendment will not materially impair the interest of the Holders and beneficial owners of the Bonds. If the Issuer so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided in accordance with Subsection (a) hereof an explanation, in narrative form, of the reason for the amendment and of the impact of any change in the type of financial information or operating data so provided. The Issuer may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision 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.

(d) Definitions.

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 and any successor to its duties.

"*Significant Obligated Person*" means, at any point in time, any Contracting Party, Additional Contracting Party, or other party contracting with the Issuer, in any case whose payments to the Issuer for the use of or service from the System in the calendar year preceding any such determination, exceeded 10% of the Gross Revenues of the System.

Section 36. REFUNDING OF REFUNDED BONDS; DEPOSIT AGREEMENT. Concurrently with the delivery of the Initial Bond the Issuer shall cause to be deposited an amount from the proceeds from the sale of the Initial Bond and other available sources, if any, the transfer of which is hereby authorized, with The Bank of New York Mellon Trust Company, National Association, Dallas, Texas (the legal successor to all paying agent/registrars and other corporate trust functions of The Bank of New York Trust Company, National Association), as bank (the "Bank"), sufficient to provide for the refunding of all of the Refunded Bonds, as defined and described in the preamble to this Resolution, in accordance with Chapter 1207, Texas Government Code, as amended. The President and the Secretary of the Board of Directors of the Issuer are hereby authorized, for and on behalf of the Issuer, to execute a Deposit Agreement in substantially the form set forth in Exhibit B hereto, to accomplish such purpose. In addition, an Authorized Officer is authorized to transfer and deposit such cash from available funds (including surplus funds in the Interest and Redemption Fund and/or the Reserve Fund), as may be necessary for the Escrow Fund described in such Deposit Agreement. If, prior to the delivery of the Initial Bond, another entity should become the legal successor to the corporate trust and paying agent/registrars functions of The Bank of New York Mellon Trust Company, National Association, the President and Secretary are authorized to execute such appropriate Deposit Agreement with such successor Bank. It is hereby found and determined that the refunding of the Refunded Bonds is advisable and necessary in order to restructure the principal and interest requirements of the Issuer, and that the issuance of the Bonds will result in a reduction in the amount of principal and interest which otherwise would be payable from the Gross Revenues with respect to the Refunded Bonds, both on an actual and a present value basis.

Section 37. REDEMPTION OF REFUNDED BONDS. (a) There is attached to this Resolution as Exhibit C, and made a part hereof for all purposes, a NOTICE OF REDEMPTION (the "Notice"), applicable to the Refunded Bonds.

(b) As soon as practicable after the adoption of this Resolution and delivery of the Bonds, a copy of the Notice shall be published and mailed in accordance with the requirements of the Master Resolution and the Bank, as paying agent for the Refunded Bonds, is hereby directed to so publish and mail.



(c) Subject to delivery of the Bonds and receipt by or on behalf of the Issuer of the proceeds thereof, the Refunded Bonds are hereby called for redemption prior to maturity in accordance with the Notice.

Section 38. ATTORNEY GENERAL FEES. The Issuer hereby authorizes and directs payment, from legally available funds of the Issuer, of the nonrefundable examination fee of the Attorney General of the State of Texas required by Section 1202.004, Texas Government Code, as amended.

Section 39. 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.

Section 40. SECURITY INTEREST. Chapter 1208, Texas Government Code, applies to the issuance of the Bonds and the pledge of the Gross Revenues granted by the Issuer under Section 9 of this Resolution, and is therefore valid, effective, and perfected. If Texas law is amended at any time while the Bonds are outstanding and unpaid such that the pledge of the Gross Revenues granted by the Issuer under Section 9 of this Resolution is to be subject to the filing requirements of Chapter 9, Business & Commerce Code, then in order to preserve to the registered owners of the Bonds the perfection of the security interest in said pledge, the Issuer agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Business & Commerce Code and enable a filing to perfect the security interest in said pledge to occur.

Section 41. ATTORNEY GENERAL FEES. The Issuer hereby authorizes and directs payment, from legally available funds of the Issuer, of the nonrefundable examination fee of the Attorney General of the State of Texas required by Section 1202.004, Texas Government Code, as amended.

Section 42. EFFECTIVENESS. This Resolution shall be effective from and after the date of adoption thereof by the Issuer; provided, however, if the Bonds authorized by this Resolution are not issued prior to March 22, 2024, this Resolution shall be void ab initio and shall be of no force and effect.

\*\*\*\*\*

## EXHIBIT "A"

### WRITTEN PROCEDURES RELATING TO CONTINUING COMPLIANCE WITH FEDERAL TAX COVENANTS

A. Arbitrage. With respect to the investment and expenditure of the proceeds of the Bonds and any Additional Bonds (the "Obligations") the Issuer's Executive Director, Deputy Director - Administrative Services, and Assistant Deputy - Finance (the "Responsible Persons") will :

For Obligations issued for newly acquired property or constructed property:

- instruct the appropriate person or persons that the construction, renovation or acquisition of the facilities must proceed with due diligence and that binding contracts for the expenditure of at least 5% of the proceeds of the Obligations will be entered into within 6 months of the date of delivery of the Obligations (the "Issue Date");
- monitor that at least 85% of the proceeds of the Obligations to be used for the construction, renovation or acquisition of any facilities are expended within 3 years of the Issue Date;
- restrict the yield of the investments (other than those in the Reserve Fund) to the yield on the Obligations after 3 years of the Issue Date;
- monitor all amounts deposited into a sinking fund or funds, e.g., the Interest and Redemption Fund and the Reserve Fund, to assure that the maximum amount invested at a yield higher than the yield on the Obligations does not exceed an amount equal to the debt service on the Obligations in the succeeding 12 month period plus a carryover amount equal to one-twelfth of the principal and interest payable on the Obligations for the immediately preceding 12-month period;
- assure that no more than 50% of the proceeds of the Obligations are invested in an investment with a guaranteed yield for 4 years or more;
- assure that the maximum amount of the Reserve Fund invested at a yield higher than the yield on the Obligations will not exceed the lesser of (1) 10% of the original principal amount of the Obligations, (2) 125% of the average annual debt service on the Obligations measured as of the Issue Date, or (3) 100% of the maximum annual debt service on the Obligations as of the Issue Date;

For Obligations issued for refunding purposes:

- monitor the actions of the escrow agent (to the extent an escrow is funded with proceeds) to assure compliance with the applicable provisions of the escrow agreement, including with respect to reinvestment of cash balances;

For all Obligations:

- maintain any official action of the Issuer (such as a reimbursement resolution) stating its intent to reimburse itself or the City with the proceeds of the Obligations any amount expended prior to the Issue Date for the acquisition, renovation or construction of the facilities;
- assure that the applicable information return (e.g., IRS Form 8038-G, 8038-GC, or any successor forms) is timely filed with the IRS;
- assure that, unless excepted from rebate and yield restriction under section 148(f) of the Code, excess investment earnings are computed and paid to the U.S. government at such time and in such manner as directed by the IRS (i) at least every 5 years after the Issue Date and (ii) within 30 days after the date the Obligations are retired.

B. Private Business Use. With respect to the use of the facilities financed or refinanced with the proceeds of the Obligations the Responsible Persons will:

- monitor the date on which the facilities are substantially complete and available to be used for the purpose intended;
- monitor whether, at any time the Obligations are outstanding, any person, other than the Issuer or the City, the employees of the Issuer or the City, the agents of the Issuer or the City or members of the general public has any contractual right (such as a lease, purchase, management or other service agreement) with respect to any portion of the facilities;
- monitor whether, at any time the Obligations are outstanding, any person, other than the Issuer or the City, the employees of the Issuer or the City, the agents of the Issuer or the City or members of the general public has a right to use the output of the facilities (e.g., water, gas, electricity);
- monitor whether, at any time the Obligations are outstanding, any person, other than the Issuer or the City, the employees of the Issuer or the City, the agents of the Issuer or the City or members of the general public has a right to use the facilities to conduct or to direct the conduct of research;
- determine whether, at any time the Obligations are outstanding, any person, other than the Issuer or the City, has a naming right for the facilities or any other contractual right granting an intangible benefit;
- determine whether, at any time the Obligations are outstanding, the facilities are sold or otherwise disposed of; and
- take such action as is necessary to remediate any failure to maintain compliance with the covenants contained in the resolution authorizing the Obligations.

C. Record Retention. The Responsible Persons will maintain or cause to be maintained all records relating to the investment and expenditure of the proceeds of the Obligations and the use of the facilities financed or refinanced thereby for a period ending three (3) years after the complete extinguishment of the Obligations. If any portion of the Obligations is refunded with the proceeds of another series of tax-exempt obligations, such records shall be maintained until the three (3) years after the refunding obligations are completely extinguished. Such records can be maintained in paper or electronic format.

D. Responsible Persons. Each Responsible Person shall receive appropriate training regarding the Issuer's accounting system, contract intake system, facilities management and other systems necessary to track the investment and expenditure of the proceeds and the use of the facilities financed with the proceeds of the Obligations. The foregoing notwithstanding, the Responsible Persons are authorized and instructed to retain such experienced advisors and agents as may be necessary to carry out the purposes of these instructions.

EXHIBIT "B"

FORM OF DEPOSIT AGREEMENT  
DEPOSIT AGREEMENT

THIS DEPOSIT AGREEMENT (the "Agreement"), dated as of \_\_\_\_\_, \_\_\_\_\_, made by and between North Texas Municipal Water District (the "Issuer"), a political subdivision of the State of Texas acting by and through the President and Secretary of the Board of Directors of the Issuer (the "Board"), and \_\_\_\_\_ (the "Bank"), a banking association organized and existing under the laws of the United States of America,

WITNESSETH:

WHEREAS, the Issuer has heretofore issued and delivered and there is currently outstanding the obligations described on Exhibit "A" hereto (hereinafter called the "Refunded Obligations"); and

WHEREAS, in accordance with the provisions of Chapters 1207 and 1371, Texas Government Code (collectively, the "Act"), the Issuer is authorized to sell refunding bonds in an amount sufficient to provide for the full and complete payment of obligations, deposit the proceeds of such refunding bonds with the place of payment for the obligations being refunded and enter into an escrow or similar agreement with such place of payment for the safekeeping, investment, reinvestment, administration and disposition of such deposit, upon such terms and conditions as the parties may agree; and

WHEREAS, the Issuer on \_\_\_\_\_, \_\_\_\_\_, pursuant to a resolution (the "Bond Resolution") passed and adopted by the Board, authorized the issuance of bonds known as "North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Contract Revenue ECP Refunding Bonds" (the "Bonds"), and such Bonds are being issued to refund, discharge and make final payment of the principal of and interest on the Refunded Obligations; and

WHEREAS, a portion of the proceeds of sale of the Bonds, together with other available funds of the Issuer, are to be deposited with the Bank under this Agreement, which deposit of funds will be sufficient to pay and redeem in full the Refunded Obligations on \_\_\_\_\_, (the Redemption Date);

NOW, THEREFORE, in consideration of the mutual agreements herein contained and the payment to the Bank of amounts provided in Section 8 hereof, and to secure the payment of the principal of and the interest on the Refunded Obligations, the Issuer and the Bank hereby agree as follows:

SECTION 1. A trust clearing account (hereinafter called the "Payment Account") shall be maintained at the Bank for the benefit of the holders of the Refunded Obligations, and, immediately following the delivery of the Bonds, the Issuer agrees and covenants to cause to be deposited with the Bank for the credit of the Payment Account the sum of \$\_\_\_\_\_.

The Bank agrees to establish such Payment Account and further agrees to receive said moneys, apply the same as set forth herein, and to hold uninvested the cash deposited and credited

to the Payment Account for application and disbursement for the payment and redemption of the Refunded Obligations on the Redemption Date.

SECTION 2. In reliance upon the Sufficiency Certificate of Financial Advisor, a copy of which is attached hereto as Exhibit "B", the Issuer represents that the amount deposited to the credit of the Payment Account, as provided in Section 1 hereof, will be sufficient to pay and redeem in full all the Refunded Obligations on the Redemption Date, and the Bank acknowledges the sufficiency of the deposit for said purpose.

The Bank acknowledges receipt of a copy of the Bond Resolution providing for the redemption of the Refunded Obligations on the Redemption Date at the price of par and accrued interest and acknowledges receipt of the form of notice of redemption attached hereto. The Bank will give the notice of redemption as required by the order authorizing the issuance of the Refunded Bonds.

SECTION 3. The Bank agrees that all funds held in the Payment Account shall constitute a dedicated interest and sinking fund for the payment of the principal of and interest on the Refunded Obligations which will mature and become due on and after the date of this Agreement, such funds deposited to the credit of the Payment Account shall be applied solely in accordance with the provisions of this Agreement and the Issuer shall have no right or title with respect thereto, except as otherwise provided herein. Such funds shall not be subject to checks or drafts drawn by the Issuer.

SECTION 4. If, for any reason, the funds on hand in the Payment Account shall be insufficient to pay the redemption price of the Refunded Obligations on the Redemption Date, notice of any such insufficiency shall be immediately given by the Bank to the Issuer by the fastest means possible.

SECTION 5. The Bank represents that the deposit covered by this Agreement shall constitute firm banking arrangements to insure payment of the Refunded Obligations and such deposit is collateralized to insure against any loss or diminution by virtue of any action of the Bank or as a result of its lack of financial integrity by a pledge of direct obligations of the United States of America, in the par or face amount at least equal to the principal amount of said monies to the extent such money is not insured by the Federal Deposit Insurance Corporation.

SECTION 6. The Bank, as paying agent for the Refunded Obligations, shall, without further direction from anyone, including the Issuer, cause to be paid with funds on deposit in the Payment Account the amount required to pay and redeem in full the Refunded Obligations on the Redemption Date when such obligations are presented for payment in accordance with their terms.

SECTION 7. The Bank shall have no lien whatsoever upon any of the moneys deposited to the credit of the Payment Account for payment of services rendered hereunder, services rendered as Paying Agent for the Refunded Obligations, or for any costs or expenses incurred hereunder and reimbursable from the Issuer.

SECTION 8. Moneys on deposit in the Payment Account shall be held uninvested pending the disbursement of moneys. In consideration for the services rendered hereunder, the Issuer shall

pay to the Bank the sum of \$\_\_\_\_\_. No investment of funds deposited to the credit of the Payment Account shall be made on or after the Redemption Date. Neither the Issuer nor the Bank shall invest any moneys deposited in the Payment Account.

SECTION 9. The Bank hereby agrees that the compensation noted in Section 8 is full and complete payment for the administration of this Agreement, and the Bank acknowledges and agrees that such amount is and represents the total amount of compensation due the Bank for services rendered as paying agent for the Refunded Obligations. The Bank hereby agrees to pay, assume and be fully responsible for any additional charges that it may incur in the performance of its duties and responsibilities as paying agent for the Refunded Obligations.

SECTION 10. The Bank shall not be responsible for any recital herein, except with respect to its organization, its powers and authority and to the safety and security of the deposit of funds to be made by the Issuer hereunder. As to the existence or nonexistence of any fact relating to the Issuer or as to the sufficiency or validity of any instrument, paper or proceedings relating to the Issuer, the Bank shall be entitled to rely upon a certificate signed on behalf of the Issuer by its Issuer Secretary as sufficient evidence of the facts therein contained. The Bank may accept a certificate of the Secretary of the Board under the Issuer's seal, to the effect that a resolution or other instrument in the form therein set forth has been adopted by the Board, as conclusive evidence that such resolution or other instrument has been duly adopted and is in full force and effect.

The duties and obligations of the Bank shall be determined solely by the express provisions of this Agreement, and the Bank shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Agreement, and no implied covenants or obligations shall be read into this Agreement against the Bank.

In the absence of bad faith on the part of the Bank, the Bank may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificate or opinion furnished to the Bank, conforming to the requirements of this Agreement; but notwithstanding any provision of this Agreement to the contrary, in the case of any such certificate or opinion or any evidence which by any provision hereof is specifically required to be furnished to the Bank, the Bank shall be under a duty to examine the same to determine whether it conforms to the requirements of this Agreement.

The Bank shall not be liable for any error of judgment made in good faith by a Responsible Officer or Officers of the Bank unless it shall be proved that the Bank was negligent in ascertaining or acting upon the pertinent facts. The Bank shall not be responsible or liable to any person in any manner whatever for the sufficiency, correctness, genuineness, effectiveness, or validity of the deposits made pursuant to this Agreement, or for the form or execution thereof, or for the identity or authority or any person making or executing such deposits.

The term "Responsible Officers" of the Bank, as used in this Agreement, shall mean and include the Chairman of the Board of Directors, the President, any Vice President and any Second Vice President, the Secretary and any Assistant Secretary, the Treasurer and any Assistant Treasurer, and ever other officer and assistant officer of the Bank customarily performing functions similar to those performed by the persons who at the time shall be officers, respectively, or to whom any corporate trust matter is referred, because of his knowledge of an familiarity with a particular

subject; and the term "Responsible Officer" of the Bank, as used in this Agreement, shall mean and include any of said officers or persons.

SECTION 11. This Agreement is between the Issuer and the Bank only, and in connection herewith the Bank is authorized by the Issuer to rely upon the representations of the Issuer with respect to this Agreement and the deposits made pursuant hereto and as to the Issuer's right and power to execute and deliver this Agreement, and the Bank shall not be liable in any manner as a result of such reliance. The duties of the Bank hereunder shall only be to the Issuer and the holders of the Refunded Obligations. In the event conflicting demands or notices are made upon the Bank growing out of or relating to this Agreement or the Bank in good faith is in doubt as to what action should be taken hereunder, the Bank shall have the right at its election to:

(a) Withhold and stop all further proceedings in, and performance of, this Agreement with respect to the issue in question and of all instructions received hereunder in regard to such issue; and

(b) File a suit in interpleader and obtain an order from a court of appropriate jurisdiction requiring all persons involved to interplead and litigate in such court their several claims and rights among themselves.

In the event the Bank becomes involved in litigation in connection with this Section, the Issuer, to the extent permitted by law agrees to indemnify and save the Bank harmless from all loss, cost, damages, expenses and attorney fees suffered or incurred by the Bank as a result thereof. The obligations of the Bank under this Agreement shall be performable at the principal corporate office of the Bank in Dallas, Texas.

The Bank may consult with legal counsel in the event of any dispute or question regarding the construction of any of the provisions hereof or its duties hereunder, and in the absence of negligence or bad faith on the part of the Bank, no liability shall be incurred by the Bank for any action taken pursuant to this Section and the Bank shall be fully protected in acting in accordance with the opinion and instructions of legal counsel that is knowledgeable and has expertise in the field of law addressed in any such legal opinion with respect to the instructions given.

Nothing in this Agreement shall be construed to require the Bank to expend or risk its own funds in the performance of any of its duties or the exercise of any of its rights hereunder.

SECTION 12. Time shall be of the essence in the performance of obligations from time to time imposed upon the Bank by this Agreement.

SECTION 13. Following the final payment and redemption of the Refunded Obligations, the Bank shall forward by letter to the Issuer, to the attention of the President, or other designated official of the Issuer, a final accounting statement with respect to the payment and discharge of the Refunded Obligations, together with all canceled Refunded Obligations.

SECTION 14. Any notice, authorization, request or demand required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given when mailed by registered or certified mail, postage prepaid addressed as follows:



North Texas Municipal Water District  
P.O. Box 2408  
Wylie, Texas 75098

Attention: Assistant Deputy - Finance

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Attention: Corporate Trust Services

The United States Post Office registered or certified mail receipt showing delivery of the aforesaid shall be conclusive evidence of the date and fact of delivery.

Any party hereto may change the address to which notices are to be delivered by giving to the other parties not less than ten (10) days prior notice thereof.

SECTION 15. Whenever under the terms of this Agreement the performance date of any provision hereof, including the date of maturity of interest on or principal of the Refunded Obligations, shall be a Sunday or a legal holiday or a day on which the Bank is authorized by law to close, then the performance thereof, including the payment of principal of and interest on the Refunded Obligations, need not be made on such date but may performed or paid, as the case may be, on the next succeeding business day of the Bank with the same force and effect as if made on the date of performance or payment and with respect to a payment, no interest shall accrue for the period after such date.

SECTION 16. The Issuer covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Agreement, in any and every said Refunded Obligation as executed, authenticated and delivered and in all proceedings pertaining thereto as said Refunded Obligations shall have been modified as provided in this Agreement. The Issuer covenants that it is duly authorized under the Constitution and laws of the State of Texas to execute and deliver this Agreement, that all actions on its part for the payment of said Refunded Obligations as provided herein and the execution and delivery of this Agreement have been duly and effectively taken and that said Refunded Obligations and coupons in the hands of the holders and owners thereof are and will be valid and enforceable obligations of the Issuer according to the import thereof as provided in this Agreement.

SECTION 17. If any one or more of the covenants or agreements provided in this Agreement on the part of the parties to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

SECTION 18. This Agreement shall terminate either (i) when the Refunded Obligations and coupons appertaining thereto have been paid and discharged in accordance with the provisions of this Agreement or (ii) at the expiration of four (4) years after the Redemption Date, whichever circumstance shall first occur. Subject to applicable unclaimed property laws of the State, moneys held in the Payment Account at the termination of this Agreement shall be remitted and transferred to the Issuer.

SECTION 19. Neither the Issuer nor the Bank shall assign or attempt to assign or transfer any interest hereunder or any portion of any such interest. Any such assignment or attempted assignment shall be in direct conflict with this Agreement and be without effect.

SECTION 20. This Agreement shall inure to the benefit of and be binding upon the Bank and the Issuer and their respective successors.

SECTION 21. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument. This Agreement shall be governed by the laws of the State of Texas.

IN WITNESS WHEREOF, the parties hereto have each caused this Agreement to be executed by their duly authorized officers and attested as of the date first written above.

NORTH TEXAS MUNICIPAL WATER DISTRICT

\_\_\_\_\_  
President

ATTEST:

\_\_\_\_\_  
Secretary

(Issuer Seal)

\_\_\_\_\_

\_\_\_\_\_  
Title: \_\_\_\_\_

EXHIBIT "A"

Schedule of Refunded Obligations

# NORTH TEXAS MUNICIPAL WATER DISTRICT

MARCH 2023

ADMINISTRATIVE MEMORANDUM NO. 5896

## DESIGNATION OF FINANCIAL INSTITUTION TO PROVIDE BANK DEPOSITORY SERVICES FOR NORTH TEXAS MUNICIPAL WATER DISTRICT

### EVALUATION OF PROPOSALS AND AWARD OF CONTRACT

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#### ACTION (*What*)

Authorize award of professional services contract for bank depository services for the funds of NTMWD.

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#### PURPOSE (*Why*)

NTMWD's enabling legislation requires the Board of Directors to designate a financial institution to provide depository services for NTMWD.

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#### RECOMMENDATION

The Executive Director and NTMWD staff recommend the Board of Directors authorize the Executive Director to execute a professional services contract as follows:

Banking Institution: Inwood National Bank

Scope: Bank Depository Services

Term: 5 Years with option to renew for 2 additional 1-year periods

Amount: No fees associated with contract

Strategic Objective: 2.3 Rigorous Financial Management

This was an item on the March 8, 2023, Finance Committee agenda.

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#### DRIVER(S) FOR THIS PROJECT

- |  |  |
|--|--|
| <input type="checkbox"/> Regulatory Compliance           | <input type="checkbox"/> Asset Condition           |
| <input type="checkbox"/> Capacity                        | <input type="checkbox"/> Redundancy/Resiliency     |
| <input type="checkbox"/> Relocation or External Requests | <input type="checkbox"/> Operational Efficiency    |
| <input type="checkbox"/> Safety                          | <input checked="" type="checkbox"/> Administrative |
| <input type="checkbox"/> Policy                          | <input type="checkbox"/> Other _____               |

## BACKGROUND

- Section 16(a) of the enabling legislation requires the Board of Directors to designate one or more banks within the District to serve as depository for the funds of the District.
  - Current bank depository contract is a legacy contract with Inwood National Bank.
  - RFP Notice advertisement: November 2 and 9, 2022.
  - Proposal Due Date: December 14, 2022.
  - Evaluation Process (Dec to Feb) included:
    - Clarification requests
    - Interviews
    - Best and final offers
  - District Staff final selection: February 2023.
- 

## BANK SERVICES SCORING COMPONENTS

- Maintain high-quality services at the best value
  - Improve reporting and reconciliation capacities
  - Expand online banking capabilities
  - Utilize lockbox services (optional)
  - Increase account security features
- 

## EVALUATION CRITERIA

	<b>Score Percent Allocation</b>
<b>Technical Criteria</b>	
Bank Overview, Qualifications and Experience of Local Personnel	15%
Banking Services Available	20%
Safety and Security Measures	15%
Prior Experience Providing Similar Service	10%
Pledged Collateral	15%
<b>Total Technical Evaluation</b>	<b>75%</b>
<b>Pricing</b>	<b>25%</b>
Note: Decreased usual "Pricing" percentage from 40% to 25%	

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## EVALUATION OF PROPOSALS

Sealed proposals for Bank Depository Services were received at 10:00 a.m. on Wednesday, December 14, 2022, as tabulated below:

<b>Proposer</b>
American National Bank of Texas
Inwood National Bank
PNC Bank
Wells Fargo Bank

### HIGHEST RANKED PROPOSER HIGHLIGHTS

- Offered the best pricing terms – No fees for services
    - Over term of contract, District anticipates earning interest income of approximately \$1.9 Million.
  - Average Percentage Yield (APY) tied to TexPool 30-Day Average Net Yield plus 0.25%
  - Online Bank Platform:
    - Dual authorization of administrative controls
    - Online wire transfers with a secure token and multi-factor authentication
    - Wiring templates for routine transactions
    - Positive Pay with payee match capability
    - Verbal callbacks on all wires/ ACHs for additional security
  - Provide pledged collateral specific to District policy requests and limits with monthly reporting of specific securities.
- 

### FUNDING

FUND(S): No funding is requested at this time.

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# NORTH TEXAS MUNICIPAL WATER DISTRICT

MARCH 2023

ADMINISTRATIVE MEMORANDUM NO. 5897

REGIONAL WATER SYSTEM  
COOPER PIPELINE EXTENSION  
PROJECT NO. 101-0620-23

ENGINEERING SERVICES AGREEMENT  
FEASIBILITY STUDY

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## ACTION (*What*)

Authorize an engineering services agreement for the development of the Cooper Pipeline Extension Feasibility Study

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## PURPOSE (*Why*)

This study will evaluate several concepts for the Cooper Pipeline Extension project. The anticipated results will include a comprehensive analysis of the benefit of implementing the Cooper Pipeline Extension project and development of a more targeted cost model to understand the current potential costs for the project.

---

## RECOMMENDATION

The Executive Director and NTMWD staff recommend the Board of Directors authorize the Executive Director to execute an engineering services agreement (ESA) as follows:

Consultant: AECOM Technical Services, Inc.  
Scope: Feasibility Study  
Project: No. 101-0620-23, Cooper Pipeline Extension  
Amount: \$549,752

This will be an item on the March 22, 2023, Water Committee agenda.

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## DRIVER(S) FOR THIS PROJECT

- |  |   |
|--|---|
| <input type="checkbox"/> Regulatory Compliance           | <input type="checkbox"/> Asset Condition                  |
| <input type="checkbox"/> Capacity                        | <input checked="" type="checkbox"/> Redundancy/Resiliency |
| <input type="checkbox"/> Relocation or External Requests | <input type="checkbox"/> Operational Efficiency           |
| <input type="checkbox"/> Safety                          | <input type="checkbox"/> Administrative                   |
| <input type="checkbox"/> Policy                          | <input type="checkbox"/> Other _____                      |



## BACKGROUND

- Raw Water from Cooper Lake is currently conveyed through pipeline to the Merritt Balancing Reservoir, from where it flows in open channel along Hickory Creek into Lake Lavon.
- This configuration presents potential disruptions that might occur due to issues with either the Balancing Reservoir or Lake Lavon.
- The facility changes to be considered involve extending the existing Raw Water pipeline from Jim Chapman (Cooper) Lake to a point of connection with the 96-inch Lake Texoma Outfall to Wylie Water Treatment Plant (WTP) Raw Water Pipeline.
- This will allow Cooper Raw Water to be piped into to the 96-inch Texoma-to-Wylie Raw Water pipeline for direct delivery to the Wylie WTP without going through the Balancing Reservoir or Lake Lavon.
- This project was first part of the recommendations in the Lake Texoma to Wylie Pipeline project, and further recommended by NTMWD Water Supply Resiliency Plan Phase II Study by Freese and Nichols, Inc. in 2021. Due to the potential for high capital costs and some uncertainty relating to permitting requirements, a detailed study is needed to examine the feasibility and to develop the relative cost benefit of the concept.

## PROJECT PURPOSE

- Comprehensive review of benefits of extending the Cooper Pipeline
- Identify and develop plans to address permitting requirements, including invasive species management plan
- Comprehensive analysis of the impact of the proposed extension to normal operations, such as blending ratio at Wylie WTP due to pre-mixing Lake Texoma water and Cooper Lake water
- Propose operation scenarios to take advantage of the proposed extension
- More accurate cost estimates for the project

## PROJECT COMPONENTS

- Permitting and environmental field service
- Evaluate different viable alternative routes of extension
- Study the line size and capacity of the proposed extension and conduct a hydraulic analysis of the extension, including the control valves and possible future booster pump station/new balancing reservoir
- Alignment study and cost estimate
- Review the benefits of extending the Cooper Pipeline, provide operational scenarios for using the proposed connection for emergency and normal operating conditions, and water quality impact on Lavon Lake under normal operating conditions
- Preliminary design report

## BASIC SERVICES

- Project management and coordination with other consultants/agencies
- Coordination with stakeholders
- Site visits to related facilities
- Workshops
- Technical memorandums and final report

## SPECIAL SERVICES

- Owner directed services for additional meetings, presentations, testing, assessment, analyses, etc.

CONSULTANT SELECTION PROCESS

A total of three engineering firms, AECOM Technical Services, Inc., Carollo Engineers, Inc. and Stantec Consulting Services, Inc. were interviewed. AECOM Technical Services, Inc. was deemed as the most highly qualified firm for this project.

---

ENGINEERING SERVICES FEE

DESCRIPTION	AMOUNT
Basic Services	\$499,690.00
Special Services	\$50,062.00
<b>Requested Amount</b>	<b>\$549,752.00</b>

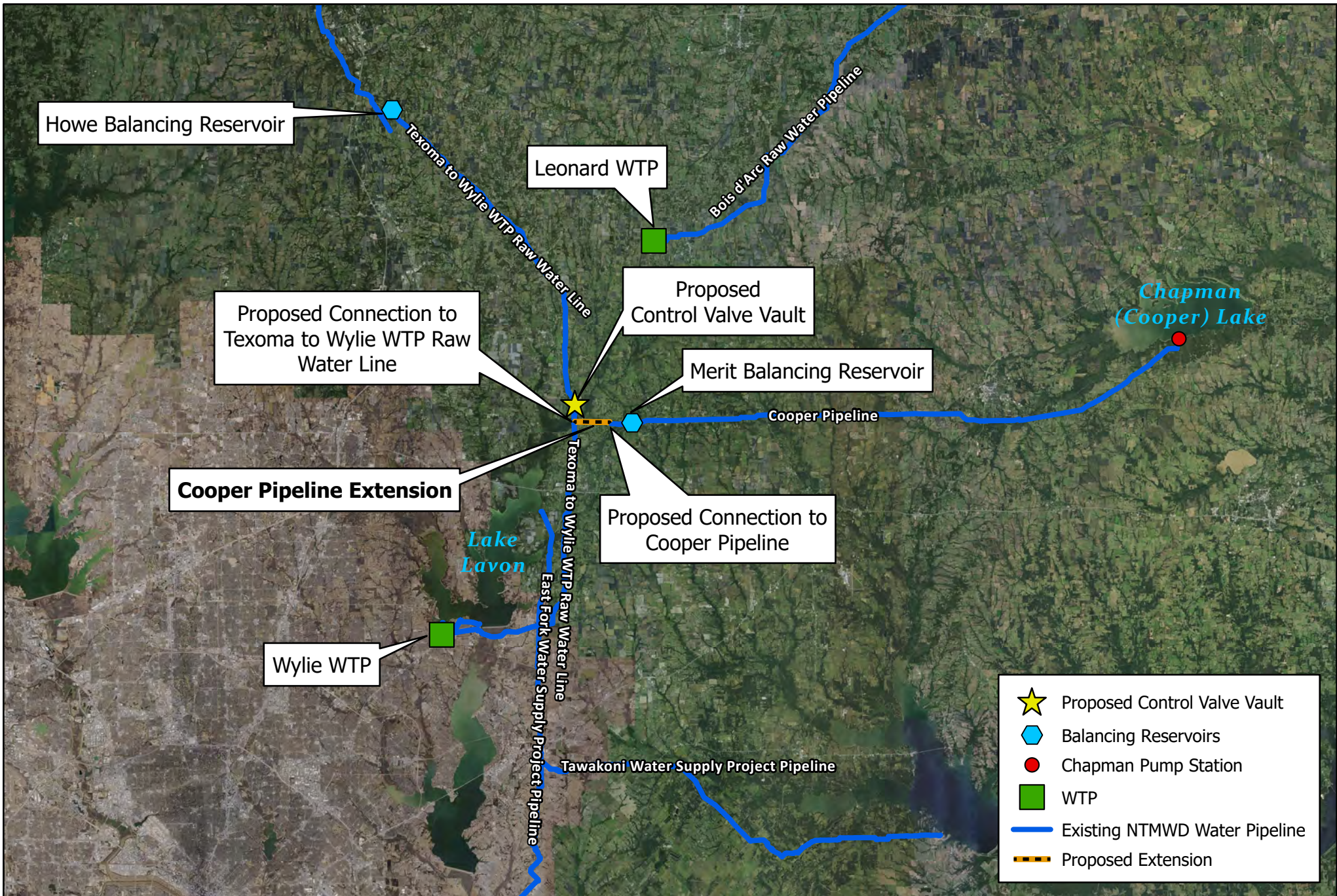
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FUNDING

FUND(S): Funding in the amount of \$549,752 to AECOM Technical Services, Inc is to be made available from the Regional Water System Capital Improvement Fund.

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**Cooper Pipeline Extension**  
**Project No. 101-0620-23**  
**Administrative Memorandum No. 5897**





# NORTH TEXAS MUNICIPAL WATER DISTRICT

MARCH 2023

ADMINISTRATIVE MEMORANDUM NO. 5898

REGIONAL WATER SYSTEM  
FM 2514 PIPELINE RELOCATIONS  
PROJECT NO. 101-0585-21

RESOLUTION NO. 23-15

A RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE  
AN ADVANCED FUNDING AGREEMENT BETWEEN  
THE TEXAS DEPARTMENT OF TRANSPORTATION  
(TxDOT) AND NORTH TEXAS MUNICIPAL WATER DISTRICT

FOR THE JOINT CONSTRUCTION OF TxDOT'S ROAD EXPANSION OF FM 1378 AND THE  
NORTH TEXAS MUNICIPAL WATER DISTRICT'S RELOCATION OF THE WYLIE TO  
MCKINNEY 20-INCH WATERLINE

---

## ACTION (*What*)

Authorize the execution of an Advanced Funding Agreement (AFA) with the Texas Department of Transportation (TxDOT).

---

## PURPOSE (*Why*)

TxDOT's planned expansion of FM 1378 through the City of Lucas will require the relocation of a segment of an existing NTMWD pipeline as part of TxDOT's project. Majority of the relocation qualifies for reimbursement from TxDOT but a small portion of the existing pipeline is within current TxDOT right-of-way will need to be funded by NTMWD. An Advanced Funding Agreement between NTMWD and TxDOT is required for the partial funding prior to the start of construction.

---

## RECOMMENDATION

The Executive Director and NTMWD staff recommend the Board of Directors approve this Resolution authorizing the Executive Director to execute an Advanced Funding Agreement with TxDOT.

Contracting  
Party:

The Texas Department of Transportation

Purpose:

Execution of Advanced Funding Agreement

Project:

No. 101-0585-21, FM 2514 Pipeline Relocation for FM 1378 Pipeline Relocation

Amount: \$52,795.27 [to be verified with TxDOT's final draft of Agreement]

Strategic Objective: 3.3 Durable Strategic Partnerships

This will be an item on the March 22, 2023, Water Committee agenda.

---

### DRIVER(S) FOR THIS PROJECT

<input type="checkbox"/> Regulatory Compliance	<input type="checkbox"/> Asset Condition
<input type="checkbox"/> Capacity	<input type="checkbox"/> Redundancy/Resiliency
<input checked="" type="checkbox"/> Relocation or External Requests	<input type="checkbox"/> Operational Efficiency
<input type="checkbox"/> Safety	<input type="checkbox"/> Administrative
<input type="checkbox"/> Policy	<input type="checkbox"/> Other _____

### BACKGROUND

- The proposed TxDOT expansion of FM 1378 through the City of Lucas will extend the roadway and TxDOT's new easement over a segment of the existing NTMWD Wylie to McKinney 20-Inch Pipeline, which is current mostly located within a dedicated easement. As part of their construction effort TxDOT will relocate the affected segment of the NTMWD pipeline into a new easement outside of the new TxDOT alignment.
- In October 2022 the Board approved Consent Agenda Item No. 22-10-02 authorizing additional engineering services for Project No. 101-0585-21, FM 2514 Pipeline Relocation to include the expedited design for relocation of this section of pipeline. This was done to reduce the projected design duration to fit within TxDOT project schedules.
- The total amount of existing NTMWD pipeline to be relocated in this project is 1,240 linear feet (LF). Approximately 1,192 LF of this is currently located in private easement, and so is eligible for TxDOT reimbursement of relocation costs. Approximately 48 LF is located in existing TxDOT Right-of-Way, so relocation costs associated with this segment will be the responsibility of NTMWD.
- NTMWD is required to provide funding for its share of costs (4%) prior to construction through an Advanced Funding Agreement.
- The total construction only cost from the OPCC is \$1,319,881 resulting in NTMWD funding the construction amount of \$52,795.27 [to be verified with TxDOT final draft of Agreement].
- This payment to TxDOT will be contingent on finalizing the Advanced Funding Agreement with TxDOT.

---

### FUNDING

FUND(S): Funding in the amount of \$52,795.27 is to be made available in the Regional Water System Capital Improvement Fund.

---

# NORTH TEXAS MUNICIPAL WATER DISTRICT

## RESOLUTION NO. 23-15

**A RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE AN  
ADVANCED FUNDING AGREEMENT BETWEEN  
THE TEXAS DEPARTMENT OF TRANSPORTATION AND THE NORTH TEXAS  
MUNICIPAL WATER DISTRICT  
FOR THE JOINT CONSTRUCTION OF THE TEXAS DEPARTMENT OF  
TRANSPORTATION'S EXPANSION OF FM 1378 AND THE NORTH TEXAS MUNICIPAL  
WATER DISTRICT'S RELOCATION OF THE WYLIE TO MCKINNEY 20 INCH WATERLINE,  
PART OF PROJECT NO. 101-0585-21**

**WHEREAS**, TxDOT has undertaken the FM 1378 Roadway Expansion Project (the "Project") to widen FM 1378 in certain parts of Lucas, Texas; and

**WHEREAS** the Project includes relocation of the NTMWD Wylie to McKinney 20-Inch Pipeline due to conflict with the proposed expansion; and,

**WHEREAS** NTMWD and TxDOT agree that the limited pipeline relocation work and the roadway expansion would be more easily coordinated and completed if construction of both were performed under a joint bid administered by TxDOT; and,

**WHEREAS** TxDOT procedures for reimbursement of eligible expenses under this joint bid arrangement require that NTMWD and TxDOT enter into TxDOT's Advanced Funding Agreement prior to the beginning of construction; and,

**WHEREAS** NTMWD is agreeable to entering this Advanced Funding Agreement with TxDOT for the construction of the Wylie to McKinney 20-Inch Pipeline relocation to be completed concurrent with the TxDOT FM 1378 Expansion Project construction; and,

**WHEREAS**, the Parties, in paying for the performance of governmental functions or in performing such governmental functions, shall make payments therefore only from current funding legally available to such Party.

**NOW, THEREFORE, THE BOARD OF DIRECTORS IN A REGULAR MEETING DETERMINES AND RESOLVES THAT:**

1. There is a public need for and that the public welfare and convenience are to be served by the limited relocation of the pipeline and appurtenances associated with the FM 2514 Pipeline Relocations, Project No. 101-0585-21, for relocations adjacent to FM 1378.
2. A budget of \$52,795.27 is authorized for this advanced funding agreement.

**THIS RESOLUTION ADOPTED BY THE NTMWD BOARD OF DIRECTORS IN A REGULAR MEETING ON MARCH 23, 2023, IN THE ADMINISTRATIVE OFFICES OF THE NTMWD, WYLIE, TEXAS.**

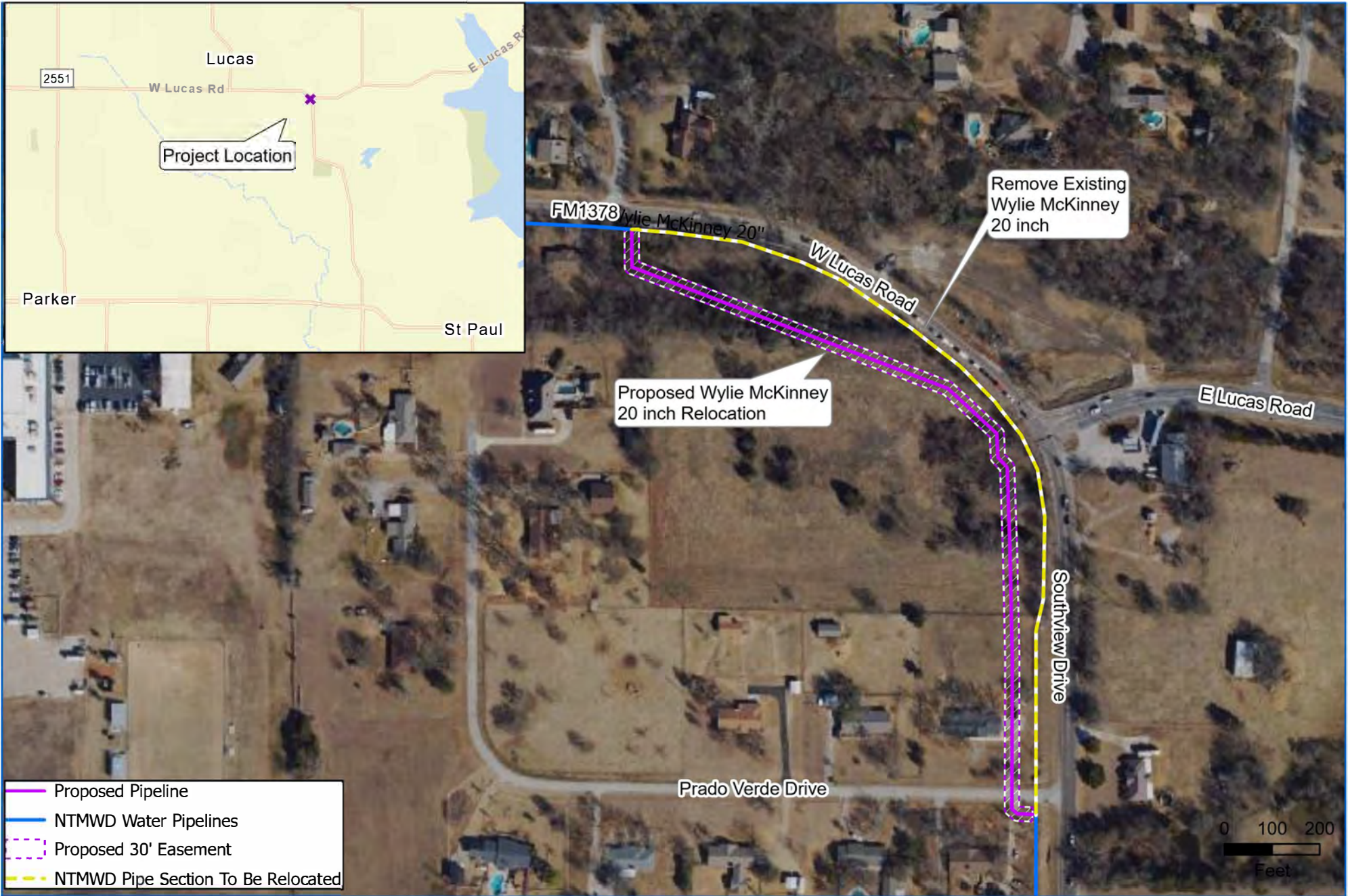
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**GEORGE CRUMP, Secretary**

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**JACK MAY, President**

**(SEAL)**



**Advanced Funding Agreement with TxDOT and NTMWD**  
**FM 2514 Pipeline Relocation for FM 1378 Pipeline Relocation**  
**Project No. 101-0585-21**  
**Administrative Memorandum No. 5898**



# NORTH TEXAS MUNICIPAL WATER DISTRICT

MARCH 2023

ADMINISTRATIVE MEMORANDUM NO. 5899

SABINE CREEK REGIONAL WASTEWATER SYSTEM  
SABINE CREEK WASTEWATER TREATMENT PLANT  
EXPANSION TO 7 MGD  
PROJECT NO. 308-0576-20

CHANGE ORDER NO. 1

---

## ACTION (*What*)

Authorize a credit to the construction contract for material that is more readily available for the Sabine Creek Wastewater Treatment Plant Expansion to 7 million gallons per day (MGD).

---

## PURPOSE (*Why*)

Due to availability issues of certain materials that would impact the overall schedule, the NTMWD staff and AECOM Technical Services, Inc., recommend changes to material that is more readily available, will not affect the quality of the project, and provide a credit to the construction contract.

---

## RECOMMENDATION

The Executive Director, NTMWD staff and AECOM Technical Services, Inc. recommend the Board of Directors authorize a construction change order as follows:

Contractor: Eagle Contracting, LLC

Scope: Construction, Change Order No. 1

Project: No. 308-0576-20, Sabine Creek Wastewater Treatment Plant Expansion to 7 MGD

Amount: (\$714,605) credit

Strategic Objective: 1.2 Successfully Deliver Capital Program  
1.4 Reliable and Resilient Systems

This was an item on the February 22, 2023, Wastewater Committee agenda.

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DRIVER(S) FOR THIS PROJECT

<input checked="" type="checkbox"/> Regulatory Compliance	<input type="checkbox"/> Asset Condition
<input checked="" type="checkbox"/> Capacity	<input type="checkbox"/> Redundancy/Resiliency
<input type="checkbox"/> Relocation or External Requests	<input type="checkbox"/> Operational Efficiency
<input type="checkbox"/> Safety	<input type="checkbox"/> Administrative
<input type="checkbox"/> Policy	<input type="checkbox"/> Other _____

PROJECT PURPOSE

- The Sabine Creek WWTP was completed in 2006 with a treatment capacity of 1.5 million gallons per day annual average daily flow and a peak 2-hour flow of 4.5 MGD and expanded to 3 MGD annual average daily flow and peak 2-hour flow of 9 MGD.
- The Feasibility Study and Master Plan for the Sabine Creek Wastewater Treatment Plant drafted by Tetra Tech, Inc., (NTMWD Project No. 308-554-20) indicated an expansion of the treatment processes to 6 MGD annual average daily flow and a 2-hour peak flow of 18 MGD are needed to meet the wastewater flow projections for the service area. The study also indicated peak instantaneous flow can be up to 21.2 MGD. The Sabine Creek WWTP is being expanded to 7 MGD so that all the planned expansions can be located outside the flood plain as recommended by AECOM during the preliminary engineering phase of the final design.
- A major amendment to the permit has been submitted to the Texas Commission on Environmental Quality (TCEQ) to increase the current plant permit from 5 MGD to 7 MGD which will be approved before the expansion is completed.

PROJECT COMPONENTS

- Influent junction box for Parker Creek and Sabine Creek Interceptors
- Influent lift station to supplement the existing lift station and new supporting electrical building
- New headworks facility with additional screens and grit removal
- Aeration basins with new blower building and secondary clarification
- Disc filter and Ultraviolet (UV) disinfection expansion
- Dewatering equipment replacement and expansion
- Electrical building, utility transformer and new diesel generator for increased plant loads
- Instrumentation and control improvements
- Odor control improvements
- Road modifications and site work
- Yard pipe and a new parallel outfall to the creek

PROPOSED CHANGE ORDER

- Change ductile iron fittings from full body fittings to compact fittings that are more lightweight and provide better flow characteristics
  - Delete generator load bank that is no longer needed. NTMWD staff have a mobile generator load bank that will be used.
  - Change sludge pump station roof from insulated metal panels to standing seam roof
  - Change welded handrail to mechanical connected handrail
-

CHANGE ORDER NO. 1

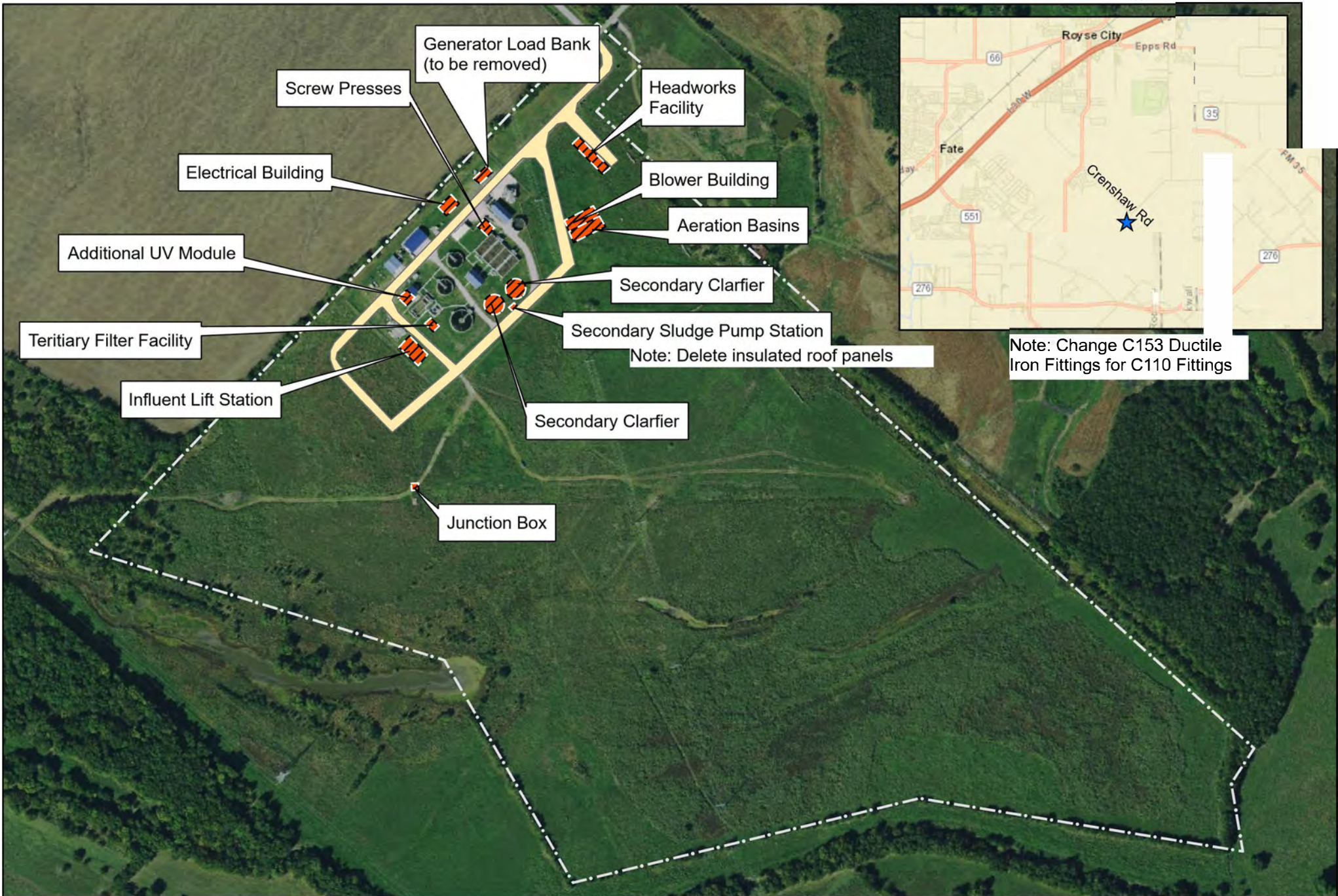
<b>Description</b>	<b>Amount</b>	<b>Days</b>
Original Contract Amount	\$69,831,000.00	1,080
Prior Change Order(s) Total	\$0.00	0
<b>Proposed Change Order No. 1</b>		
Change ductile iron fittings from full body fittings to compact fittings	(\$200,220.00)	0
Delete generator load bank	(\$310,570.00)	0
Change sludge pump station roof from insulated metal panels to standing seam roof	(\$143,868.00)	0
Change welded handrail to mechanical connected handrail	(\$59,947.00)	0
<b>Proposed Change Order No. 1 Decrease</b>	<b>(\$714,605.00)</b>	<b>0</b>
<b>Revised Contract Amount</b>	<b>\$69,116,395.00</b>	<b>1,080</b>

---

FUNDING

FUND(S): Funding in the amount of (\$714,605) to Eagle Contracting, LLC, will be credited back to the Sabine Creek Regional Wastewater System 2022 Construction Fund.

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**Sabine Creek Expansion to 7 MGD**  
**Project No. 308-0576-20**  
**Administrative Memorandum No. 5899**



# NORTH TEXAS MUNICIPAL WATER DISTRICT

MARCH 2023

ADMINISTRATIVE MEMORANDUM NO. 5900

REGIONAL WASTEWATER SYSTEM  
LOWER EAST FORK REGIONAL WATER RESOURCE RECOVERY FACILITY  
PROJECT NO. 301-0598-21

RESOLUTION NO. 23-16

LAND ACQUISITION PROGRAM

---

ACTION (*What*)

Authorize funding and resolution to allow the use of eminent domain, if necessary, to acquire land needed for a new regional water resource recovery facility.

---

PURPOSE (*Why*)

Estimated population growth of current service areas requires additional treatment capacity beyond existing and planned capacity expansions at South Mesquite Regional Wastewater Treatment Plant.

---

RECOMMENDATION

The Executive Director and NTMWD staff recommend the Board of Directors:

- 1) Authorize the Executive Director to execute a property acquisition program for the Lower East Fork Regional Water Resource Recovery Facility, Project 301-0598-21, with a budget in the amount of \$5,000,000; and,
- 2) Adopt Resolution No. 23-16, "*A Resolution authorizing the use of Eminent Domain to acquire property for the Lower East Fork Regional Water Resource Recovery Facility, Project No. 301-0598-21, and delegating authority to initiate condemnation proceedings to the NTMWD Executive Director*"

Consultant: N/A

Scope: Property acquisition and support services necessary to facilitate purchasing land for the project

Project: 301-0598-21, Lower East Fork Regional Water Resource Recovery Facility

Amount: \$5,000,000

Strategic Objective: 1.4 Reliable and Resilient Systems



This will be an item on the March 22, 2023, Real Estate Committee agenda.

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DRIVER(S) FOR THIS PROJECT

<input type="checkbox"/> Regulatory Compliance	<input type="checkbox"/> Asset Condition
<input checked="" type="checkbox"/> Capacity	<input type="checkbox"/> Redundancy/Resiliency
<input type="checkbox"/> Relocation or External Requests	<input type="checkbox"/> Operational Efficiency
<input type="checkbox"/> Safety	<input type="checkbox"/> Administrative
<input type="checkbox"/> Policy	<input type="checkbox"/> Other _____

PROJECT PURPOSE

- A 60-year planning horizon identified the need to construct a new regional water resource recovery facility to meet the growing wastewater demands in Rockwall, Forney, Mesquite, Heath, and Seagoville and the southern service region of the District.
- The current service area population is projected to increase from 275,000 to 400,000 by the year 2040.
- A minimum of 250 acres is recommended for this regional water resource recovery facility site to meet Texas Commission on Environmental Quality (TCEQ) regulatory requirements as well as providing an appropriate buffer area to mitigate potential odor concerns.
- The potential site locations are shown on the accompanying map

SUPPORT SERVICES (ON AN AS-NEEDED BASIS)

- Employ the firm of Saunders, Walsh & Beard, Attorneys and Counselors, to act as counsel on the acquisition of the properties.
- Employ an appraiser to provide appropriate reports.
- Employ a title company to provide professional services related to certain property ownership issues.
- Employ survey services to perform title survey for purchase and acquisition, and verify property lines and potential easement locations when necessary.
- Employ a real estate broker/brokerage or an acquisition company to assist in site selection and land acquisition

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FUNDING

FUND(S): Funding in the amount of \$5,000,000 is to be made available utilizing the Regional Wastewater System Extendable Commercial Paper (ECP) Program as the appropriation source; actual issuance of ECP notes will occur as cash needs arise.

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# NORTH TEXAS MUNICIPAL WATER DISTRICT

## RESOLUTION NO. 23-16

### A RESOLUTION AUTHORIZING ACQUISITION OF PROPERTY FOR THE LOWER EAST FORK REGIONAL WATER RESOURCE RECOVERY FACILITY, PROJECT NO. 301-0598-21, AUTHORIZING THE USE OF EMINENT DOMAIN AND DELEGATING AUTHORITY TO INITIATE CONDEMNATION PROCEEDINGS TO THE NTMWD EXECUTIVE DIRECTOR

**WHEREAS**, the NTMWD Board of Directors Authorized the Lower East Fork Regional Water Resource Recovery Facility (LEFRWRRF) Conceptual Study, Project No. 301-0598-21 (Project); and,

**WHEREAS**, the 60-year planning horizon identified the need to construct a new regional water resource recovery facility to meet the growing wastewater demands of Rockwall, Forney, Mesquite, Heath, and Seagoville and the southern service region of the District; and,

**WHEREAS**, it is necessary to proceed with the acquisition of property required for the construction of the RWRRF prior to the engineering and construction of the RWRRF Project; and,

**WHEREAS**, it may be necessary to acquire the land and easements required for the Project through the use of eminent domain in the event negotiations are unsuccessful; and,

**WHEREAS**, it may be necessary to hire real estate brokers or acquisition companies, surveyors, appraisers, and attorneys, in order to negotiate easements required for the Projects; and,

**WHEREAS**, funds in the requested amount of \$5,000,000 for the purchase of sufficient acreage needed for the project are to be made available utilizing the Regional Wastewater System Extendable Commercial Paper (ECP) Program as the appropriation source; actual issuance of ECP notes will occur as cash needs arise.

### **NOW, THEREFORE, THE BOARD OF DIRECTORS IN A REGULAR MEETING DETERMINES AND RESOLVES THAT:**

1. There is a public need for and the public welfare and convenience are to be served by the acquisition of property for construction of a new regional water resource recovery facility site recommended by the LEFRWRRF Conceptual Study, Project No. 301-0598-21, to serve the wastewater needs of the District's members and customer cities located in the southern portion of the District's service area.
2. It is necessary and in the best interest of the NTMWD to acquire sufficient acreage on which to construct, operate, and maintain the LEFRWRRF to serve the general populations of the member and customer cities within the District's southern service area.
3. The Executive Director is hereby authorized to enter into contracts and to execute closing documents and such other documents necessary to consummate the purchase of the property necessary for this Project.

4. The Executive Director is hereby authorized to take all steps necessary to acquire the property and easements necessary for the Project; and the power to initiate eminent domain proceedings is hereby delegated to her including the hiring of real estate brokers, acquisition companies, surveyors, title company, and attorneys in the event the property interests cannot be secured by negotiation.
5. The Executive Director is authorized to employ the firm of Saunders, Walsh & Beard, Attorneys and Counselors, to represent the NTMWD in this land transactions; including filing of Petitions for Condemnation on properties when the Executive Director determines the property cannot be secured through negotiations and after issuance of a final offer letter in accordance therewith.
6. A budget of \$5,000,000 is authorized for this land transaction including property purchase, legal counsel assistance, and closing costs.

**THIS RESOLUTION ADOPTED BY THE NTMWD BOARD OF DIRECTORS IN A REGULAR MEETING ON MARCH 23, 2023, IN THE ADMINISTRATIVE OFFICES OF THE NTMWD, WYLIE, TEXAS.**

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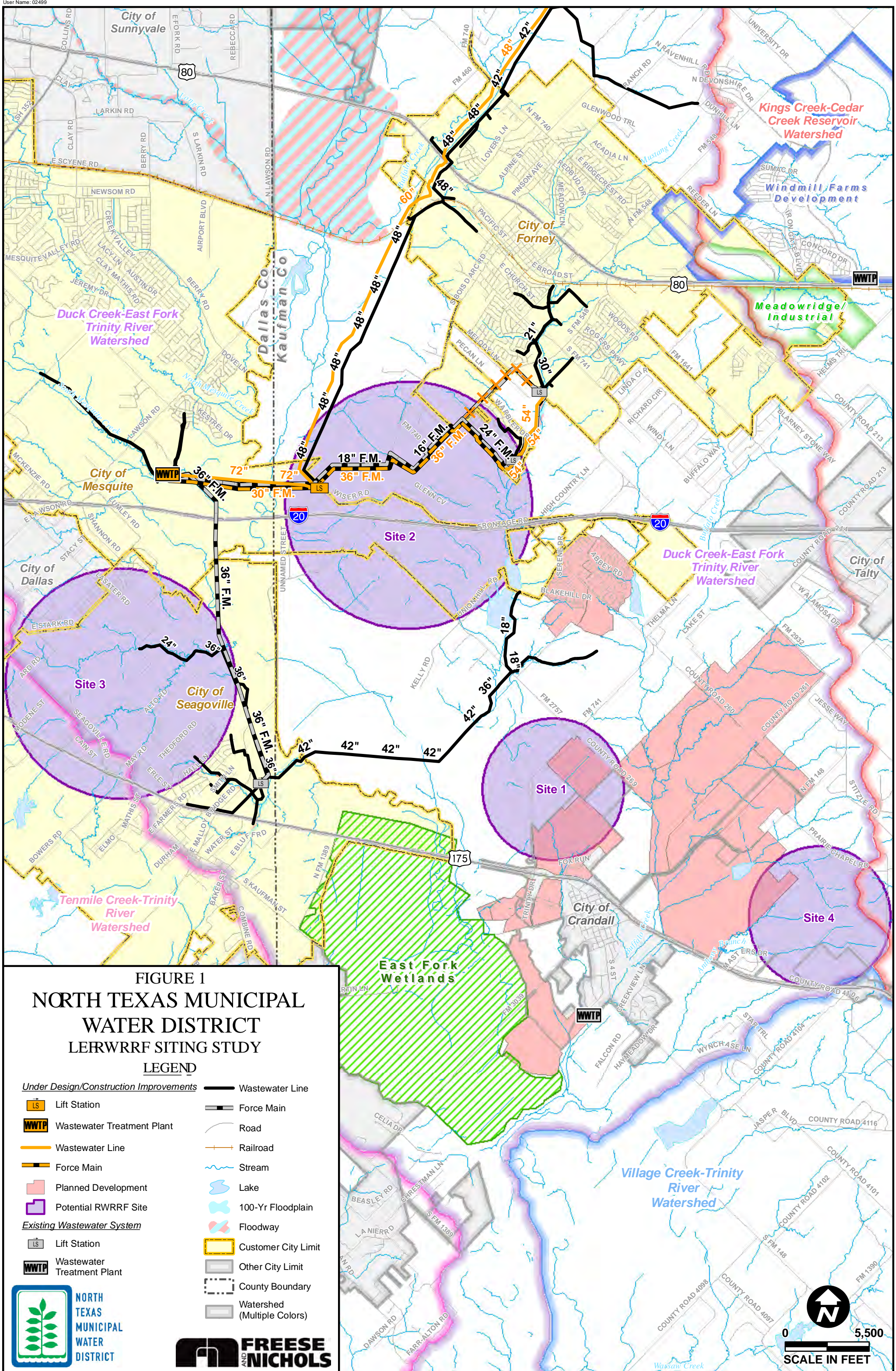
**GEORGE CRUMP, Secretary**

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**JACK MAY, President**

**(SEAL)**





**FIGURE 1**  
**NORTH TEXAS MUNICIPAL**  
**WATER DISTRICT**  
**LERRWRRF SITING STUDY**

**LEGEND**

- |   |                             |
|---|-----------------------------|
| <b>Under Design/Construction Improvements</b> | Wastewater Line             |
| Lift Station                                  | Force Main                  |
| Wastewater Treatment Plant                    | Road                        |
| Wastewater Line                               | Railroad                    |
| Force Main                                    | Stream                      |
| Planned Development                           | Lake                        |
| Potential RWRRF Site                          | 100-Yr Floodplain           |
| <b>Existing Wastewater System</b>             | Floodway                    |
| Lift Station                                  | Customer City Limit         |
| Wastewater Treatment Plant                    | Other City Limit            |
| NORTH TEXAS MUNICIPAL WATER DISTRICT          | County Boundary             |
| FREESE AND NICHOLS                            | Watershed (Multiple Colors) |

0 5,500  
 SCALE IN FEET



# NORTH TEXAS MUNICIPAL WATER DISTRICT

MARCH 2023

ADMINISTRATIVE MEMORANDUM NO. 5901

REGIONAL WATER SYSTEM  
F.M. 2514 PIPELINE RELOCATIONS  
PROJECT NO. 101-0585-21

RESOLUTION NO. 23-17

RIGHT-OF-WAY ACQUISITION PROGRAM

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## ACTION (*What*)

Authorize resolution to amend the previously approved Right-of-Way acquisition program to add easements to this project.

---

## PURPOSE (*Why*)

Texas Department of Transportation (TxDOT) is widening multiple Farm-to-Market roads within NTMWD service areas. This project addresses the relocations as they are made known to NTMWD. Additional easement must be acquired to relocate a portion of the Wylie to McKinney 20" pipeline to accommodate the expansion of FM 1378 in Lucas.

---

## RECOMMENDATION

The Executive Director and NTMWD staff recommend the Board of Directors:

- 1) Authorize the Executive Director to amend a previously executed right-of-way acquisition program for the F.M. 2514 Pipeline Relocations, Project No. 101-0585-21, to add additional permanent and temporary easements, with a budget of \$130,000; and,
- 2) Adopt Resolution No. 23-17, "*A Resolution Authorizing the Use of Eminent Domain to Acquire Right-of-Way for the F.M. 2514 Pipeline Relocations, Project No. 101-0585-21, and Delegating Authority to Initiate Condemnation Proceedings to the NTMWD Executive Director.*"

Consultant: N/A

Scope: Right-of-way acquisition and the necessary support services to facilitate the purchasing of easements for the project

Project: 101-0585-21, F.M. 2514 Pipeline Relocations

Amount: \$130,000

Strategic Objective: 1.2 Successfully Deliver Capital Programs

This will be an item on the March 22, 2023, Real Estate Committee agenda.

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DRIVER(S) FOR THIS PROJECT

<input type="checkbox"/> Regulatory Compliance	<input type="checkbox"/> Asset Condition
<input type="checkbox"/> Capacity	<input type="checkbox"/> Redundancy/Resiliency
<input checked="" type="checkbox"/> Relocation or External Requests	<input type="checkbox"/> Operational Efficiency
<input type="checkbox"/> Safety	<input type="checkbox"/> Administrative
<input type="checkbox"/> Policy	<input type="checkbox"/> Other _____

BACKGROUND

PROJECT PURPOSE

- This project addresses pipeline relocations needed due to TxDOT is widening multiple roadways within NTMWD service areas.
- TxDOT is widening F.M. 1378 in Lucas.
- A portion of the 20-inch Wylie to McKinney pipeline must be relocated outside the proposed TxDOT right-of-way limit.
- Additional easement is required to accommodate the relocations.
- Easement acquisition costs are subject to TxDOT reimbursement.
- The approximate acquisition area is shown on the accompanying Map.
- In September 2021, the Board of Directors previously authorized to execute a right-of-way acquisition program in the amount of \$120,000 for widening F.M. 2514 in the City of Wylie from east of Lavon Parkway to Brown Street.

SUPPORT SERVICES

- Employ the firm of Saunders, Walsh & Beard, Attorneys & Counselors, to act as counsel on the acquisition of the properties.
- Employ an appraiser to provide appropriate reports.
- Employ a title company to provide professional services related to certain property ownership issues.
- Employ survey services to perform title survey for purchase and acquisition, and verify property lines and potential easement locations when necessary.
- Employ contracted land agents or acquisition company(s) to assist in easement acquisition.

DESCRIPTION	AMOUNT
Original Right-of-Way	\$120,000.00
<b>Proposed Additional Right-of-Way For FM 1378</b>	<b>\$130,00.00</b>
<b>Revised Total Amount</b>	<b>\$250,000.00</b>

---

FUNDING

FUND(S): Funding in the amount of \$130,000 is to be made available in the Regional Water System Capital Improvement Fund.

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# NORTH TEXAS MUNICIPAL WATER DISTRICT

## RESOLUTION NO. 23-17

### A RESOLUTION AUTHORIZING THE USE OF EMINENT DOMAIN TO ACQUIRE RIGHT-OF-WAY FOR THE F.M. 2514 PIPELINE RELOCATIONS, PROJECT NO. 101-0585-21, AND DELEGATING AUTHORITY TO INITIATE CONDEMNATION PROCEEDINGS TO THE NTMWD EXECUTIVE DIRECTOR

**WHEREAS**, F.M. 2514 Pipeline Relocations, Project No. 101-0585-21 (Project) covers multiple relocations as required by Texas Department of Transportation (TxDOT) expansion projects within NTMWD service areas; and,

**WHEREAS**, the NTMWD Board of Directors previously authorized a Right-of-Way Acquisition Program for F.M. 2514 Pipeline Relocations, Project No. 101-0585-21 (Project) by Administrative Memorandum No. 5764 and Resolution No. 21-50; and,

**WHEREAS**, easements were acquired for the relocation along F.M. 2514 in Wylie; and,

**WHEREAS**, TxDOT is widening F.M. 1378 in Lucas; and,

**WHEREAS**, a portion of the 20-inch Wylie to McKinney pipeline must be relocated outside the proposed TxDOT right-of-way limit; and,

**WHEREAS**, it is necessary to proceed with the acquisition of easement for construction, operation and maintenance of the Project improvements; and

**WHEREAS**, it may be necessary to acquire the easements required for the Project through the use of eminent domain in the event negotiations are unsuccessful; and,

**WHEREAS**, it may be necessary to hire contracted land agents or acquisition companies, appraisers, and attorneys, in order to negotiate easements required for the Project.

### **NOW, THEREFORE, THE BOARD OF DIRECTORS IN A REGULAR MEETING DETERMINES AND RESOLVES THAT:**

1. There is a public need for and that the public welfare and convenience are to be served by the improvements associated with the F.M. 2514 Pipeline Relocations, Project No. 101-0585-21.
2. It is in the best interest and is necessary to acquire those permanent easements, temporary construction easements, and access easements necessary for the construction, of the Wylie to McKinney pipeline for the Project across the general route as generally described in Exhibit "A" attached hereto, and incorporated by reference herein, to provide the area required for prosecution of the work, and operation, maintenance, repair, and other such purposes as maybe required to provide for the continual and uninterrupted operation of the pipeline facilities.
3. The Executive Director is authorized to employ surveyors to assist in the acquisition process, as required.

**RESOLUTION NO. 23-17**  
**PAGE 2**

4. The power to initiate eminent domain proceedings is hereby delegated to the Executive Director and she is hereby authorized to take all steps necessary to acquire the easements for the Project; including the hiring of negotiators, appraisers, Title Company, and attorneys.
5. The Executive Director is authorized to employ the firm of Saunders, Walsh & Beard, Attorneys and Counselors, to represent the NTMWD in these land transactions; including filing of Petitions for Condemnation on properties when the Executive Director determines the property cannot be secured through negotiations and after issuance of a final offer letter in accordance therewith.
6. A budget increase of \$130,000 is authorized for this land acquisition resulting in a total of authorized funding in the amount of \$250,000 in this project.

**THIS RESOLUTION ADOPTED BY THE NTMWD BOARD OF DIRECTORS IN A REGULAR MEETING ON MARCH 23, 2023, IN THE ADMINISTRATIVE OFFICES OF THE NTMWD, WYLIE, TEXAS.**

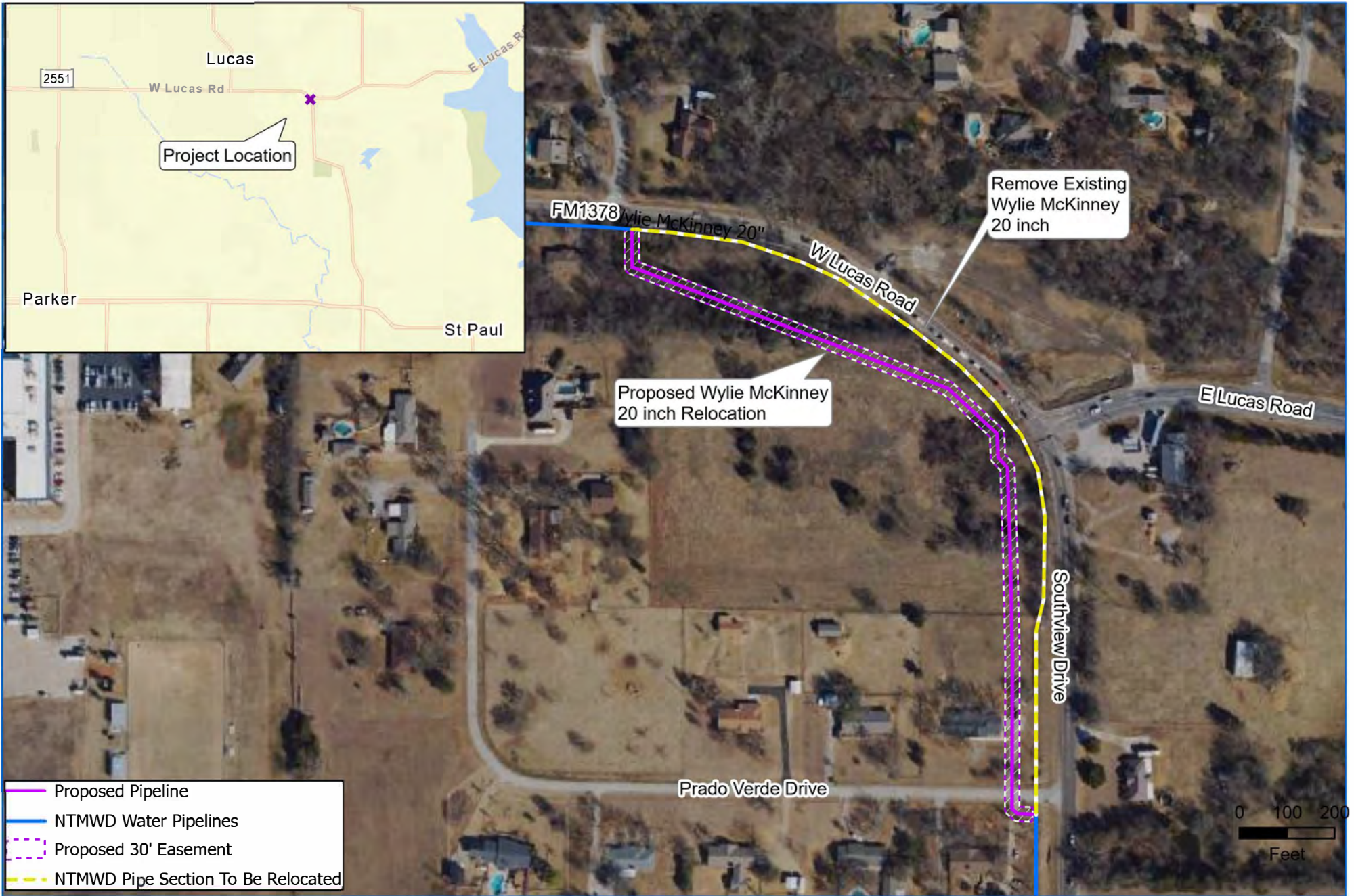
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**GEORGE CRUMP, Secretary**

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**JACK MAY, President**

**(SEAL)**



**FM 2514 Pipeline Relocations**  
**Wylie to McKinney 20 Inch Pipeline Relocation**  
**Project No. 101-0585-21**  
**Administrative Memorandum No. 5901**



# NORTH TEXAS MUNICIPAL WATER DISTRICT

MARCH 2023

ADMINISTRATIVE MEMORANDUM NO. 5902

REGIONAL SOLID WASTE SYSTEM  
121 REGIONAL DISPOSAL FACILITY  
SECTORS 6B AND 6C MASS EXCAVATION  
PROJECT NO. 401-0614-22

CHANGE ORDER NO. 1

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## ACTION *(What)*

Authorize Change Order No. 1 for additional Contract unit price quantities of two contract items: Austin Chalk Excavation and Haul Clay Soil to Stockpile Area.

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## PURPOSE *(Why)*

The purpose of this change order is to take advantage of favorable unit price bids for two items to increase the available prepared disposal space immediately. This will provide for a cost-effective factor of safety against unanticipated growth needs in the near term.

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## RECOMMENDATION

The Executive Director, NTMWD staff and Biggs and Mathews Environmental, recommend the Board of Directors authorize a construction change order as follows:

Contractor: Rigid Constructors, LLC

Scope: Construction, Change Order No. 1

Project: No. 401-0614-22, 121 RDF Sectors 6B and 6C Mass Excavation

Amount: \$594,000.00

Strategic Objective: 1.2 Successfully Deliver Capital Program  
1.4 Reliable and Resilient System

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## DRIVER(S) FOR THIS PROJECT

- |  |  |
|--|--|
| <input type="checkbox"/> Regulatory Compliance           | <input type="checkbox"/> Asset Condition                   |
| <input checked="" type="checkbox"/> Capacity             | <input type="checkbox"/> Redundancy/Resiliency             |
| <input type="checkbox"/> Relocation or External Requests | <input checked="" type="checkbox"/> Operational Efficiency |
| <input type="checkbox"/> Safety                          | <input type="checkbox"/> Administrative                    |
| <input type="checkbox"/> Policy                          | <input type="checkbox"/> Other _____                       |

PROJECT PURPOSE

- Excavation of Sectors 6B and 6C of the 121 Regional Disposal Facility (121 RDF) to make the site ready to accept additional waste fill.
- Third-party contractors are engaged due to the increasing excavation depth as the landfill site development progresses from east to west.
- These contractors are also able to ensure final excavation grades are met when it is time for cell construction to begin.
- This project will provide the next progressive step for additional airspace (available fill volume) to support landfill operational needs.

PROJECT COMPONENTS

- Approximately 600,000 cubic yards of Austin Chalk excavation
- Approximately 10,000 cubic yards of clay soil stockpiling
- Approximately 6,000 linear feet of silt fence
- Construction of 121 RDF Austin Chalk stockpile

PROPOSED CHANGE ORDER

- Additional 120,000 cubic yards of Austin Chalk excavation at the unit price of \$4.40 per cubic yard
- Additional 15,000 cubic yards of hard clay soil stockpiling at the unit price of \$4.40 per cubic yard

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CHANGE ORDER NO. 1

Description	Amount	Days
Original Contract Amount	\$2,947,352.00	460
<b>Proposed Change Order No. 1</b>		
Additional excavation of Austin Chalk	\$528,000.00	100
Additional haul clay soil to stockpile area	\$66,000.00	0
<b>Proposed Change Order No. 1 Amounts</b>	<b>\$594,000.00</b>	<b>100</b>
<b>Revised Contract Amount</b>	<b>\$3,541,352.00</b>	<b>560</b>

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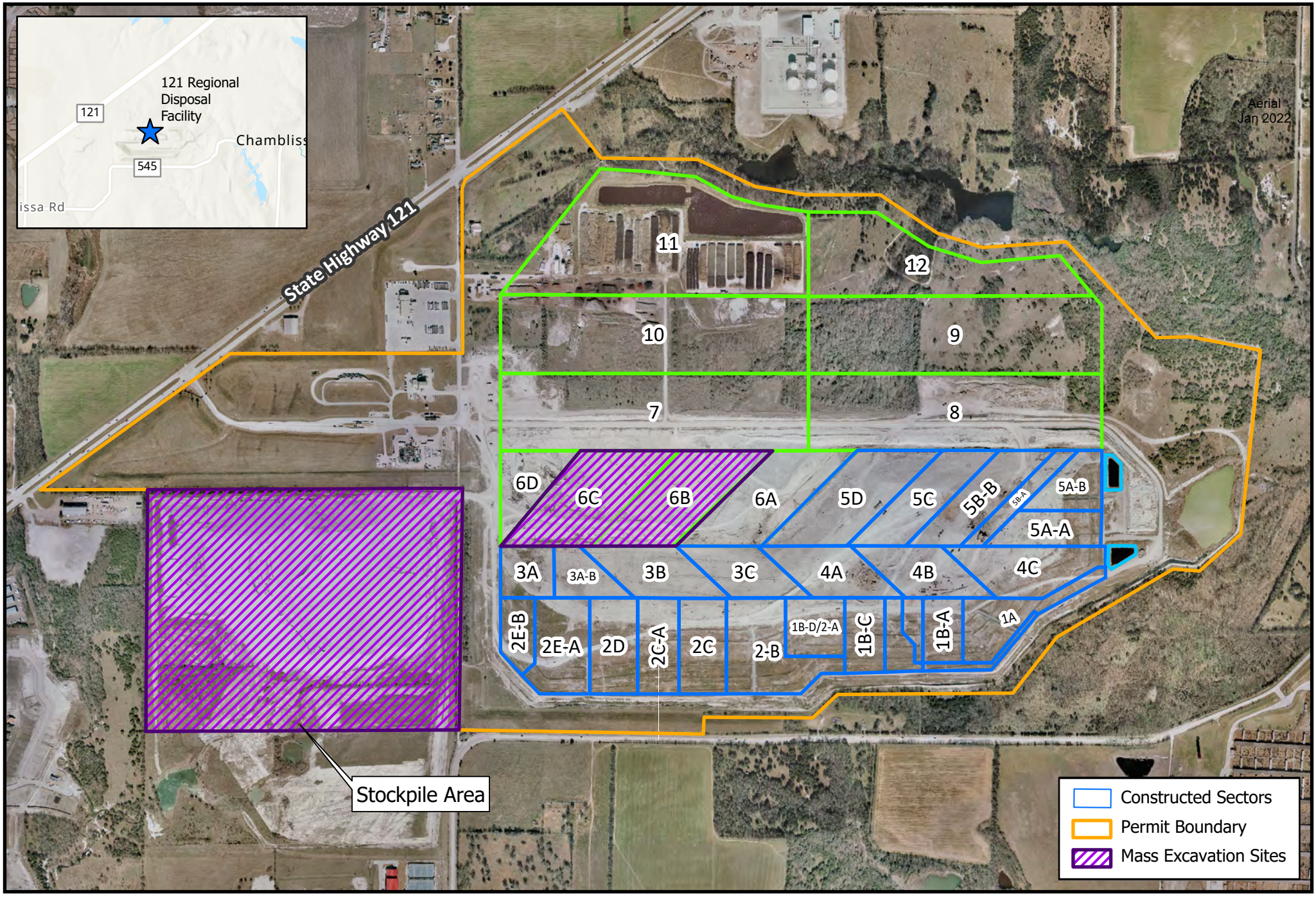
FUNDING




FUND(S): Funding in the amount of \$594,000 to Rigid Constructors, LLC, is to be made available from the Regional Solid Waste System 2022 Construction Fund.

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Aerial  
Jan 2022



-  Constructed Sectors
-  Permit Boundary
-  Mass Excavation Sites

**121 RDF Sectors 6B and 6C Mass Excavation**  
**Project No. 401-0614-22**  
**Administrative Memorandum No. 5902**

