

This Agenda is posted pursuant to Chapter 551, Texas Government Code

**Matters to Come Before a Meeting of the Board of Directors  
of Tarrant Regional Water District**

**To Be Held the 21<sup>st</sup> Day of June 2022 at 9:00 a.m.**

**TRWD Board Room  
800 East Northside Drive  
Fort Worth, Texas 76102**

**PLEASE BE ADVISED THAT A QUORUM OF THE BOARD OF DIRECTORS OF TRWD WILL CONVENE ON THE ABOVE DATE AND TIME FOR THE PURPOSE OF CONSIDERING AND ACTING UPON THE MATTERS SET FORTH IN THIS AGENDA. THE LINK TO VIEW AND LISTEN TO THE MEETING VIA INTERNET IS [HTTPS://WWW.TRWD.COM/BOARDVIDEOS](https://www.trwd.com/boardvideos). A RECORDING OF THE MEETING WILL ALSO BE AVAILABLE AT [HTTPS://WWW.TRWD.COM/BOARDVIDEOS](https://www.trwd.com/boardvideos).**

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- 1. Pledges of Allegiance**
- 2. Public Comment**

**Citizens may present public comment at this time, limited to a total time of three (3) minutes per speaker, unless the speaker addresses the Board through a translator, in which case the limit is a total time of six (6) minutes. If citizens wish to address the Board in person, each proposed speaker must have completed and submitted a speaker card prior to the commencement of the meeting, identifying any agenda item number(s) and topic(s) the speaker wishes to address with the Board. If citizens wish to address the Board virtually, each proposed speaker must have contacted Mr. Chad Lorange of TRWD - by telephone at (817) 720-4367 or by email at [chad.lorange@trwd.com](mailto:chad.lorange@trwd.com) - by no later than 3:00 p.m. on Monday, June 20, 2022, identifying any agenda item number(s) and topic(s) the speaker wishes to address with the Board. In such event, the speaker will be provided with a dial-in number to address the Board. By law, the Board may not deliberate, debate, or take action on public comment but may place the item on a future agenda.**

- 3. Consider Approval of the Minutes from the Meeting Held on May 17, 2022**
- 4. Consider Approval of Resolution Authorizing the Issuance, Sale, and Delivery of Tarrant Regional Water District, a Water Control and Improvement District, Water Revenue Bonds, Series 2022, Pledging Revenues for the Payment of the Bonds, Approving an Official Statement,**

**and Authorizing Other Instruments and Procedures Relating Thereto - Sandy Newby, Chief Financial Officer**

- 5. Consider Approval of Contract Amendment to City of Midlothian's Additional Party Raw Water Supply Contract - Zach Huff, Water Resources Engineering Director**
- 6. Consider Approval of Change Order with BAR Constructors, Inc. for the Kennedale Balancing Reservoir Yard Piping, Inlet and Outlet Modifications Project - Jason Gehrig, Infrastructure Engineering Director**
- 7. Staff Updates**
  - Public Information Act Update - Stephen Tatum, General Counsel**
  - Transparency Update - Sandy Newby, Chief Financial Officer**
  - Public Outreach Campaign Update - Linda Christie, Government Affairs Director**
  - MWBE Vendor Participation Update - Crystal Alba, Diverse Business Specialist**
  - WaterWheel Project Update - Darrel Andrews, Assistant Environmental Director**
  - Water Resources Update - Rachel Ickert, Chief Water Resources Officer**
- 8. Executive Session under Texas Government Code:**

**Section 551.071 to Consult with Legal Counsel on a Matter in Which the Duty of Counsel Under the Texas Disciplinary Rules of Professional Conduct Clearly Conflicts with Chapter 551, Texas Government Code; and**

**Section 551.076 Deliberation Regarding Security Devices or Security Audits**
- 9. Future Agenda Items**
- 10. Schedule Next Board Meeting**
- 11. Adjourn**

MINUTES OF A MEETING OF THE BOARD OF DIRECTORS OF  
TARRANT REGIONAL WATER DISTRICT  
HELD ON THE 17<sup>th</sup> DAY OF MAY 2022 AT 9:00 A.M.

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The call of the roll disclosed the presence of the Directors as follows:

Present  
Leah King  
James Hill  
Mary Kelleher

Absent  
Jim Lane  
Marty Leonard

Also present were Dan Buhman, Alan Thomas, Darrell Beason, Lisa Cabrera, Linda Christie, Megan Cowan, Woody Frossard, Ellie Garcia, Jason Gehrig, Zach Hatton, Rachel Ickert, Laramie LaRue, Chad Lorange, Sandy Newby, Carol Tackel, and Stephen Tatum of the Tarrant Regional Water District (District or TRWD). Also in attendance was Katie Long of Thompson & Horton LLP.

President King convened the meeting with assurance from management that all requirements of the “open meetings” laws had been met.

1.

All present were given the opportunity to join in reciting the Pledges of Allegiance to the U.S. and Texas flags.

2.

Public comment was received from Thomas Torlincasi, who indicated he would speak regarding all agenda items. Public comment was received from Lon Burnam who indicated he would speak regarding agenda item 2. Public comment was received from Daniel J. Bennett who indicated he would speak regarding hiring former contractors and

employees. Public comment was received from Jackee Cox who indicated she would speak regarding agenda item 4.

3.

On a motion made by Director Hill and seconded by Director Kelleher, the Directors voted to approve the minutes from the Board meeting held on April 19, 2022. It was accordingly ordered that these minutes be placed in the permanent files of the District.

4.

With the recommendation of management, Director Hill moved to approve the District's application for financial assistance from the Texas Water Development Board as part of the State Water Implementation Fund for Texas low-interest loan program. The District will apply for this program on behalf of Dallas Water Utilities for the upcoming contract revenue bonds required for their portion of upcoming IPL construction. This future bond issue will be for Phase III of the Integrated Pipeline Project, which connects the core piece of the pipeline to Lake Palestine, and is funded 100% by Dallas Water Utilities. Director Kelleher seconded the motion and the vote in favor was unanimous.

5.

With the recommendation of management, Director Hill moved to approve a purchase in the amount of \$196,659 from Thompson Group for 72" E-301 pipe to replace 3 joints used due to failures on the Cedar Creek Pipeline. Funding for this item is included in the Fiscal Year 2022 Non-Budgeted Items - Allocated 100% Revenue Fund. Director Kelleher seconded the motion and the vote in favor was unanimous.

6.

With the recommendation of management, Director Kelleher moved to approve a change in the calculation of the retainage being held for Bauer Foundation Corporation

to 5% of the total contract price when the 50% completion milestone is reached. The project currently stands at 46% complete. Contract payments up to the 50% completion milestone will continue to retain 10%. Afterward, all remaining contract payments will be made in full, the Board having found that satisfactory progress is being made, and that the amount retained is in excess of the amount adequate for the protection of the District. However, any changes to the contract price by change order or alternate base bid work for the project will require adjustment to the retainage schedule. Funding for this item is included in the Bond Fund. Director Hill seconded the motion and the vote in favor was unanimous.

7.

With the recommendation of management, Director Hill moved to approve a change order for a credit amount of \$(480,000) from BAR Constructors, Inc. for the Kennedale Balancing Reservoir Yard Piping, Inlet and Outlet Modifications Project. The current contract price is \$40,779,600 and the revised contract price, including this credit change order, will be \$40,299,600. Funding for this item is included in the Bond Fund. Director Kelleher seconded the motion and the vote in favor was unanimous.

8.

With the recommendation of management, Director Hill moved to approve and adopt the following proposed Board Policy: Liability Insurance and Indemnification Policy. Director Kelleher seconded the motion and the vote in favor was unanimous.

9.

#### Staff Updates

- General Manager Update
- Board Policy Update

- Internal Audit Update
- Quarterly Financial Update
- Capital Improvement Plan Adoption Update
- Water Resources Update

The Board of Directors recessed for a break from 10:31 a.m. to 10:38 a.m.

10.

The Board next held an Executive Session commencing at 10:38 a.m. under Section 551.071 to Consult with Legal Counsel on a Matter in Which the Duty of Counsel Under the Texas Disciplinary Rules of Professional Conduct Clearly Conflicts with Chapter 551, Texas Government Code, and to Discuss Pending or Contemplated Litigation; and Section 551.072 to Deliberate the Purchase, Exchange, Lease or Value of Real Property.

Upon completion of the executive session at 10:43 a.m., the Vice President reopened the meeting.

11.

With the recommendation of counsel, Director Kelleher moved to approve the Settlement Agreement related to Mary's Creek Wastewater Treatment Plant contested case hearing, attached below. The terms of the agreement will further protect water quality in Mary's Creek and involve the District's construction of a project to divert water from the Mary's Creek channel downstream of Fort Worth's facility to the existing District water supply system. There the water will be blended with water from other District lakes. Director Hill seconded the motion and the vote in favor was unanimous.

**SETTLEMENT AGREEMENT**

This Settlement Agreement (“Agreement”) is entered into by and between the **TARRANT REGIONAL WATER DISTRICT** (the “District”), a conservation and reclamation district and political subdivision of the State of Texas, created and functioning under Article 16, Section 59, of the Texas Constitution, **MARTHA LEONARD** (“Ms. Leonard”), a private landowner in Tarrant County, Texas, and the **CITY OF FORT WORTH, TEXAS** (the “City”), an incorporated home-rule municipality in the State of Texas (referred to herein, collectively, as the “Parties”).

**W I T N E S S E T H**

**WHEREAS**, the District is a duly created political subdivision of the State of Texas operating under the Constitution and laws of the State of Texas; and

**WHEREAS**, Ms. Leonard is a private landowner in Tarrant County, Texas with authority to enter into this Agreement; and

**WHEREAS**, the City is a duly incorporated municipality operating under the Constitution and laws of the State of Texas; and

**WHEREAS**, the District and the City are duly authorized to enter into this Agreement; and

**WHEREAS**, the City filed with the Texas Commission on Environmental Quality (“TCEQ”) an application for a new Texas Pollutant Discharge Elimination System (“TPDES”) Permit (the “Application”), styled as TPDES Permit No. WQ0015668001 (the “Permit”), which is the subject of TCEQ Docket No. 2021-1211-MWD (the “TCEQ Proceeding”); and

**WHEREAS**, the Permit, when finally issued by TCEQ, will authorize the City to construct the Mary’s Creek Water Reclamation Facility (the “MCWRF”) and to discharge up to a daily average of 15 million gallons per day (“MGD”) of treated domestic effluent from the MCWRF to Mary’s Creek in Tarrant County (“MC Return Flow”) through the outfall authorized by the Permit (the “MCWRF Outfall”).

**WHEREAS**, the District and Ms. Leonard each filed at least one request for a contested case hearing in the TCEQ Proceeding and were both granted party status in the same; and

**WHEREAS**, the Parties entered into settlement negotiations through formal mediation conducted by the TCEQ Alternative Dispute Resolution office; and

**WHEREAS**, the Parties agree that resolution of the TCEQ Proceeding by unanimous settlement agreement is in the best interest of the Parties;

**NOW, THEREFORE**, in consideration of the mutual covenants and agreements contained in this Agreement, the Parties agree to the following provisions:

**I. INDIRECT REUSE PROJECT**

- A. The Project.** The District will pursue, in good faith, an indirect reuse project to design, permit, construct, operate, and maintain an on-channel impoundment (“Impoundment”), intake, and pump station on Mary’s Creek, downstream of the MCWRF Outfall and upstream of Interstate 30, to divert some or all of the amount of the MC Return Flows, less losses, and transfer the MC Return Flows to the Eagle Mountain Lake connection pipeline at a connection to be located north of the TRWD Eagle Mountain balancing reservoir (“Indirect Reuse Project”).
- B. Authorizations.** The District is responsible for securing all necessary local, state, federal or other permits and authorizations for the Indirect Reuse Project (“Necessary Authorizations”). The Parties acknowledge that Necessary Authorizations include but are not limited to, permits or authorizations from the U.S. Army Corps of Engineers (“Corps”) and TCEQ, a floodplain development permit, and obtaining legal title or other property interest in land for the Impoundment, intake structure, pump station, pipeline, and any other infrastructure or facilities necessary to implement the Indirect Reuse Project.
- C. City Support.** The City shall actively support the Indirect Reuse Project including the District’s efforts to obtain Necessary Authorizations and to design and construct the Indirect Reuse Project. The City’s active support shall include participating in meeting(s) with the general public and/or with specific landowners as they relate to the Indirect Reuse Project, upon reasonable advance notice, as requested by the District.
- D. Design Considerations.**
- 1. Size.** The Impoundment shall be sized not larger than necessary, as determined by the District, to divert up to the maximum amount of the MC Return Flows; subject to further review and agreement among the Parties as described further below in Section (I)(D)(4).
  - 2. Suitable Site.** The District will reasonably consider distance downstream from the MCWRF Outfall location in selecting a suitable site for the Impoundment upstream of Interstate 30. The District acknowledges that a suitable site will require that the Indirect Reuse Project maintain water quality in the Impoundment created on Mary’s Creek consistent with applicable Texas surface water quality standards adopted by the TCEQ (“SWQS”). The City



acknowledges that topography, environmental considerations, and landowner cooperation are relevant factors in selecting a suitable site.

3. **Dissolved Oxygen Review.** The District will provide the preliminary design of the dam and Impoundment to the City as soon as practicable. The City, together with the City's water quality engineering consultant, will promptly model the Impoundment, utilizing the approved TCEQ model, to verify that numerical SWQS for dissolved oxygen ("DO") will be maintained during full permitted discharge conditions. Should modeling indicate that numerical DO standards will not be maintained in the Impoundment, the City shall share the modeling with the District for the District's review, comment, and concurrence or objection regarding such conclusion. The City will cooperate with the District and TCEQ Water Quality Division staff, as necessary, to evaluate the modeling and its conclusions. If TCEQ staff concurs, on a preliminary basis, that the model and the conclusion that numerical DO standards in the Impoundment will not be maintained are sound, the City will cooperate with the District and TCEQ Water Quality Division staff, as necessary, to evaluate changes in design and/or mitigation measures that can be implemented to maintain TCEQ's adopted SWQS for DO in the Impoundment without changes to the City's existing Permit limits.
4. **Enhanced Opportunities.** During its implementation of the Indirect Reuse Project, the District may identify opportunities for the Indirect Reuse Project to address issues beyond withdrawal of the MC Return Flows. If the District identifies any reasonable opportunity to adjust or modify the Indirect Reuse Project in a manner that would support other regional stewardship or growth objectives, all Parties will consider those opportunities in good faith. If the Parties agree that such changes are desirable but materially affect the risk of a modified Indirect Reuse Project becoming legally or practically infeasible, the Parties may discuss a modification of the Agreement to accommodate a modified Indirect Reuse Project and potential adjustment of the dates triggering the City's obligation under Section (I)(G)(3) herein.

#### **E. Implementation.**

1. After all Necessary Authorizations are secured and final (not subject to appeal), the District will implement the Indirect Reuse Project consistent with the Necessary Authorizations.
2. Once the MCWRF and the Indirect Reuse Project are operational, the City shall provide the District with real-time discharge volume data consistent with the means, methods, and accuracy required for the District to comply with all Necessary Authorizations.

**F. Future DO Monitoring.** If, at any point after the District's construction of the Impoundment, water quality monitoring data for DO in the Impoundment indicates that DO concentration as measured in the Impoundment fails to meet TCEQ's adopted numerical DO criteria for Mary's Creek, the District shall immediately begin consultation with the City to identify the cause of such failure. If the existence of the Impoundment is determined to be the primary cause of such failure, the District shall collaborate and cooperate with the City to mitigate such failure in a cost-effective manner and will take reasonable steps available at the Impoundment, as determined appropriate in cooperation with the City. In addition, the City acknowledges that it shall take reasonable steps to mitigate such failure at the MCWRF. If the cause of the DO failure is at issue and the Parties cannot identify and agree on reasonable, cost-effective set of steps to take at the Impoundment and/or at the MCWRF, either individually or together, the Parties shall engage in a Formal Dispute Resolution process as provided in in Section III herein to resolve the conflict consistent with this Section (I)(F).

**G. Infeasibility Determination.**

**1. Conference and Concurrence.**

(a) Whether the Indirect Reuse Project is legally or practically infeasible may be determined at any time by concurrence between the City and the District, confirmed in writing by the City Manager and the District General Manager. If the District has not initiated operations of the Indirect Reuse Project on or before October 31, 2028, but no later than December 31, 2028, representatives of City and the District shall meet to:

- i. discuss the status of the Indirect Reuse Project, and
- ii. make a good faith effort to jointly determine if the Indirect Reuse Project remains feasible both as a legal and a practical matter and should continue to be pursued or should be determined to be legally or practically infeasible for purposes of Section (I)(G)(3).

(b) If the Indirect Reuse Project is rendered infeasible in a manner other than as described in Section (I)(G)(2), including, for example, due to physical, environmental, financial, legal, or other constraints (*e.g.*, the SWQS or compensatory mitigation issues), the District will provide information to the City to support its determination of infeasibility and the City shall review and concur or object based on an articulated engineering, environmental, hydrological, or appropriate technical or financial basis. If, following the City's and District's respective review of information as provided in this Section I(G)(1)(b), the Parties do not agree that the Indirect Reuse Project is legally or practically infeasible for purposes of Section (I)(G)(3), the Parties shall engage in a Formal Dispute Resolution Process as described in Section III, herein.

2. **Denial of Necessary Authorizations.** Notwithstanding Section (I)(G)(1), the District, at its election, can unilaterally declare the Indirect Reuse Project legally or practically infeasible for purposes of Section (I)(G)(3), without the need for the City to concur, at the point at which any Necessary Authorization(s) is or are (a) actually denied or (b) effectively denied, meaning not issued or secured by December 31, 2028.
3. **Total Phosphorous.** If the Indirect Reuse Project is determined to be legally or practically infeasible pursuant to this Section (I)(G), the City shall promptly apply to TCEQ for a minor amendment to the Permit, requesting a 0.1 mg/L daily average limit on Total Phosphorus in all phases of the Permit.

## II. OTHER OBLIGATIONS

- A. **Total Nitrogen.** Prior to the District's and Ms. Leonard's submissions under Section II.D. herein to the State Office of Administrative Hearings and the TCEQ to withdraw their respective hearing requests, the City shall request that TCEQ's Executive Director revise the draft permit to add a 6 mg/L Total Nitrogen daily average limit to the effluent limitations therein. The requested measurement frequency for the Total Nitrogen limit shall be once per day with a composite sample type.
- B. **Temporary Flow Condition.** Prior to the earlier of (1) the date the Indirect Reuse Project is operational or (2) the date that is seven years following the TCEQ's formal issuance of the Permit,
  - (a) the City agrees to discharge no more than 3 MGD of treated effluent from the MCWRF to Mary's Creek at all times when corrected streamflow at USGS gage 08047050 (Mary's Creek near Benbrook, TX) indicates Mary's Creek base flow is less than 4.6 cubic feet per second ("cfs"). For purposes of this Section (II)(B), "corrected streamflow" shall be calculated using the 8:00 am USGS reading minus the 8:00 am MCWRF discharge flow measured on the same day.
  - (b) The City may discharge more than 3 MGD of treated effluent from the MCWRF to Mary's Creek on any day when either (1) the corrected streamflow exceeds 4.6 cfs at USGS gage 08047050 (Mary's Creek near Benbrook, TX) or (2) the 8:00 am USGS gage 0804700 (Clear Fork Trinity River near Benbrook) reading is greater than 46 cfs.
- C. If the City ever files an application with the TCEQ seeking a major amendment to the Permit increasing the permitted discharge flowrate above 15 MGD, the City shall analyze the impact of such proposed increased discharge on Mary's Creek and the Clear Fork (between the Mary's Creek confluence with the Clear Fork and the Clear Fork confluence with the West Fork), including using or providing all necessary information for the District to use the CE-QUAL-W2 or other updated and appropriate modeling

tools to assess the impacts to SWQS, including nutrients and the potential for algal growth. For any application to discharge greater than 15 MGD, the City shall share such analysis with the District, or work with the District to achieve such analysis, as early as possible in the City's planning process. The City will reasonably consider input provided by the District during this planning process. For the avoidance of doubt, the District does not waive any other public participation or hearing opportunities that may exist pursuant to TCEQ rules.

- D. The District and Ms. Leonard will unconditionally withdraw their respective pending hearing requests and protests of the Permit within three business days of the later of (a) execution of this final Settlement Agreement by all Parties or (b) the submission of the City's formal request in writing to TCEQ to incorporate a total nitrogen limit of 6 mg/L into the Permit.

### **III. FORMAL DISPUTE RESOLUTION**

- A. With respect to those matters set out in Section I(G)(1) and Section (I)(F) that may be referred to Dispute Resolution, should the City and the District be unable to reach agreement through the exchange of information, then the current City of Fort Worth Water Director, as representative of the City, and current District General Manager, as representative of the District, will attempt to resolve the dispute within ten business days. Should these individuals be unable to resolve the matter, either the City or the District may invoke Formal Dispute Resolution by notifying the other Party in writing.
- B. Within three business days of either the City or the District invoking Formal Dispute Resolution:
  - 1. the City, at the City's expense, shall designate one or more outside independent expert(s) (the "City Designated Expert") qualified to render an unbiased opinion on the issue in dispute (e.g., water quality, permitting, etc.); and
  - 2. the District, at the District's expense, shall designate one or more outside independent expert(s) (the "District Designated Expert") qualified to render an unbiased opinion on the issue in dispute.
- C. The City Designated Expert and the District Designated Expert shall promptly agree on one or more independent expert(s) qualified to render an unbiased opinion on the issue in dispute (e.g., water quality, permitting, etc.) (the "Panel Designated Expert"). The Panel Designated Expert, together with the City Designated Expert and the District Designated Expert, are collectively the "Independent Expert Panel."
  - 1. The Independent Expert Panel shall notify the City and the District of the selection of the Panel Designated Expert by email to: Rachel Ickert at [rachel.ickert@trwd.com](mailto:rachel.ickert@trwd.com) with a copy to Stephen Tatum at [stephen.tatum@trwd.com](mailto:stephen.tatum@trwd.com) for the District and Christopher Harder at

Christopher.Harder@fortworthtexas.gov and Christopher Mullins at Christopher.Mullins@fortworthtexas.gov for the City.

2. The Panel Designated Expert and the firm or organization employing such expert(s) shall not be currently engaged by the City or the District and not have done more than \$100,000 of work for either the City or the District within the last three years (unless the City and District representatives named in Section (III)(A) both waive this restriction by emailed confirmation).
- D. The City and the District shall fully cooperate with the Independent Expert Panel by providing the Independent Expert Panel and the other Party with a written explanation of the dispute, specifying the nature of the dispute and specifying the outcome sought by five business days after the date notice of the selection of the Panel Designated Expert is received. If the dispute involves differing interpretations of information, modeling, or data, the City and the District shall promptly provide the Independent Expert Panel with any and all such information, including, without limitation, internal or third party consultant modeling, agency and expert data provided to and/or relied upon the City and/or the District. In response to initial submissions, the City or the District may provide supplemental information to the Independent Expert Panel within five business days. The City and the District shall make available an expert representative of such Party to provide information and answer questions to facilitate the review of the Independent Expert Panel.
  - E. If the Independent Expert Panel determines a joint meeting would be helpful in resolving the dispute, the Independent Expert Panel shall hold a meeting with the City, District, and/or their representatives as soon as feasible.
  - F. The Independent Expert Panel will resolve the dispute by written recommended outcome articulating the rationale and basis for such recommendation. The Independent Expert Panel will endeavor to issue the recommendation 30 days from receipt of the last of the written submissions.
  - G. If the City and the District do not elect to accept the recommended outcome of the Independent Expert Panel, the Parties agree that the Independent Expert Panel recommendation shall be admissible as an expert opinion in related litigation between the Parties, if any.
  - H. The City shall be solely responsible for the payment of costs for the City Designated Expert and the District shall be solely responsible for all costs for the District Designated Expert. All costs of the Panel Designated Expert shall be paid one-half (1/2) by the City and one-half (1/2) by the District.

IN WITNESS WHEREOF, the Parties acting in their individual capacity or under authority of their respective governing bodies have caused this Agreement to be duly executed in several counterparts, each of which shall constitute an original, and the effective date of this Agreement shall be the latest date identified among the three party signatures below.

**TARRANT REGIONAL WATER DISTRICT**

BY   
Dan Buhman (May 24, 2022 15:48 CDT)

DATE May 24, 2022

ATTEST:

  
James Hill (May 24, 2022 16:16 CDT)

Vice President, Board of Directors

APPROVED AS TO FORM AND LEGALITY:

  
Stephen Tatum (May 24, 2022 16:20 CDT)

Attorney for the District

(District Seal)

**MARTHA LEONARD**

BY Martha Leonard

DATE 5-23-22

**CITY OF FORT WORTH, TEXAS**

*Dana Burghdoff*  
BY Dana Burghdoff (May 25, 2022 13:30 CDT)

DATE \_\_\_\_\_

APPROVED AS TO FORM AND LEGALITY:

*DBL*  
DBlack (May 25, 2022 09:12 CDT)  
Assistant City Attorney

(City Seal)

ATTEST:

*Jannette S. Goodall*  
Jannette S. Goodall (May 25, 2022 13:58 CDT)  
City Secretary

12.

There were no future agenda items approved. Stephen Tatum advised the Board the staff update regarding open records requests received under the Public Information Act which are forwarded to the Attorney General's office requested by Director Kelleher would be provided at the June meeting.

13.

The next board meeting was scheduled for June 21, 2022 at 9:00 a.m. Director Hill inquired if meeting could be moved to June 14, 2022 at 9:00 a.m.

14.

There being no further business before the Board of Directors, the meeting was adjourned.

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President

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Secretary



## TARRANT REGIONAL WATER DISTRICT

### AGENDA ITEM 4

**DATE:** June 21, 2022

**SUBJECT: CONSIDER APPROVAL OF RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF TARRANT REGIONAL WATER DISTRICT, A WATER CONTROL AND IMPROVEMENT DISTRICT, WATER REVENUE BONDS, SERIES 2022, PLEDGING REVENUES FOR THE PAYMENT OF THE BONDS, APPROVING AN OFFICIAL STATEMENT, AND AUTHORIZING OTHER INSTRUMENTS AND PROCEDURES RELATING THERETO**

**FUNDING:** N/A

#### **RECOMMENDATION:**

Management and the Finance Committee recommend approval of a resolution authorizing the issuance, sale, and delivery of the Tarrant Regional Water District, a Water Control and Improvement District, Water System Revenue Bonds, Series 2022, pledging revenues for the payment of the bonds, approving an official statement, and authorizing other instruments and procedures relating thereto.

#### **DISCUSSION:**

The Finance Committee reviewed the issuance of the Water System Revenue Bonds. These bonds are being issued to (i) pay for planning, design, construction and right of way costs related to the District's Water System, including modifications to cells 1 and 2 at the Kennedale Balancing Reservoir, the design of the Cedar Creek Wetlands, Chemical Improvements and other construction, improvements, and repairs to the District's Water System; (ii) to fund a debt service reserve fund; and (iii) to pay costs of issuance of the Series 2022 Bonds.

The District's Advisory Committee reviewed this matter at the June 10, 2022 meeting and recommended proceeding with this issue.

Representatives of Hilltop Securities, Inc., the District's Financial Advisors, and McCall, Parkhurst and Horton, Bond Counsel will be available should there be any questions. Please see attached estimated Sources and Uses of Funds, Estimated Bond Summary Statistics and Resolution.

This item was reviewed by the Finance Committee on June 15, 2022.

#### **Submitted By:**

Sandy Newby  
Chief Financial Officer

## 2022 TRWD Bond Issue Timeline

	May 2022	June 2022	July 2022	August 2022	September 2022	October 2022	December 2022
<b>TRWD 2022 Bond Issue - \$50 million</b>		Board Approves Bond Sale		Receive Funds			
<b>TRWD DWU 2022/2023 Contract Revenue Bond Issue (SWIFT) - ~ \$255 million</b>	Board Approves SWIFT Application			Board Approves Private Placement Bond Sale		Receive Funds	
<b>TRWD Enterprise ECPB Refunding Resolution</b>			Board Approves Refunding Resolution				
<b>TRWD General Obligation Bonds</b>						(Tentative) Board Approves Bond Sale	(Tentative) Receive Funds
<b>TRWD Governmental ECPB Refunding Resolution</b>						Board Approves Refunding Resolution	

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**SOURCES AND USES OF FUNDS**

**Tarrant Regional Water District  
Water Revenue Bonds, Series 2022  
(Funding: \$50 mm plus COI & DSRF)  
Current Market Rates as of 6/07/2022 (+10 bps) (AAA/AA+)  
Preliminary/Subject to Change**

**Dated Date**                    **08/17/2022**  
**Delivery Date**                **08/17/2022**

**Sources:**

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<b>Bond Proceeds:</b>	
<b>Par Amount</b>	<b>47,645,000.00</b>
<b>Premium</b>	<b>6,092,792.60</b>
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	<b>53,737,792.60</b>

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**Uses:**

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<b>Project Fund Deposits:</b>	
<b>Project Fund</b>	<b>50,000,000.00</b>
<b>Other Fund Deposits:</b>	
<b>Debt Service Reserve Fund</b>	<b>3,074,518.06</b>
<b>Delivery Date Expenses:</b>	
<b>Cost of Issuance</b>	<b>325,000.00</b>
<b>Underwriter's Discount</b>	<b>333,515.00</b>
	<hr/>
	<b>658,515.00</b>
<b>Other Uses of Funds:</b>	
<b>Additional Proceeds</b>	<b>4,759.54</b>
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	<b>53,737,792.60</b>

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Note: Preliminary, for illustrative purposes only.

## BOND SUMMARY STATISTICS

**Tarrant Regional Water District  
Water Revenue Bonds, Series 2022  
(Funding: \$50 mm plus COI & DSRF)  
Current Market Rates as of 6/07/2022 (+10 bps) (AAA/AA+)  
Preliminary/Subject to Change**

Dated Date	08/17/2022
Delivery Date	08/17/2022
First Coupon	03/01/2023
Last Maturity	03/01/2052
Arbitrage Yield	3.159498%
True Interest Cost (TIC)	4.023067%
Net Interest Cost (NIC)	4.353090%
All-In TIC	4.073880%
Average Coupon	5.000000%
Average Life (years)	18.686
Duration of Issue (years)	12.273
Par Amount	47,645,000.00
Bond Proceeds	53,737,792.60
Total Interest	44,513,768.06
Net Interest	38,754,490.46
Bond Years from Dated Date	890,275,361.11
Bond Years from Delivery Date	890,275,361.11
Total Debt Service	92,158,768.06
Maximum Annual Debt Service	3,074,518.06
Average Annual Debt Service	3,119,913.16
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	7.000000
Total Underwriter's Discount	7.000000
Bid Price	112.087895

Bond Component	Par Value	Price	Average Coupon	Average Life
Serial Bond	23,470,000.00	113.659	5.000%	11.719
Term Bond 2047	10,585,000.00	112.163	5.000%	22.639
Term Bond 2052	13,590,000.00	111.770	5.000%	27.638
	47,645,000.00			18.686

	TIC	All-In TIC	Arbitrage Yield
Par Value	47,645,000.00	47,645,000.00	47,645,000.00
+ Accrued Interest			
+ Premium (Discount)	6,092,792.60	6,092,792.60	6,092,792.60
- Underwriter's Discount	(333,515.00)	(333,515.00)	
- Cost of Issuance Expense		(325,000.00)	
- Other Amounts			
	53,404,277.60	53,079,277.60	53,737,792.60
Target Value			
Target Date	08/17/2022	08/17/2022	08/17/2022
Yield	4.023067%	4.073880%	3.159498%

Note: Preliminary, for illustrative purposes only.

RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF TARRANT REGIONAL WATER DISTRICT, A WATER CONTROL AND IMPROVEMENT DISTRICT, WATER REVENUE BONDS, SERIES 2022, PLEDGING REVENUES FOR THE PAYMENT OF THE BONDS, APPROVING AN OFFICIAL STATEMENT, AND AUTHORIZING OTHER INSTRUMENTS AND PROCEDURES RELATING THERETO

THE STATE OF TEXAS §  
COUNTY OF TARRANT §  
TARRANT REGIONAL WATER DISTRICT §  
A WATER CONTROL AND IMPROVEMENT DISTRICT §

WHEREAS, Tarrant Regional Water District, a Water Control and Improvement District, (formerly known as "Tarrant County Water Control and Improvement District Number One") (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 268, Acts of 1957, 55th Legislature of Texas, Regular Session, as amended (collectively the "District Act"); and

WHEREAS, the Issuer will authorize the Series 2022 Bonds (hereinafter defined) pursuant to the District Act and Chapter 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 TARRANT REGIONAL WATER DISTRICT, A WATER CONTROL AND IMPROVEMENT DISTRICT, THAT:

Section 1. AMOUNT AND PURPOSE OF THE BONDS. The Bonds will be issued for the purpose of obtaining funds to pay for the planning, design, construction, and right of way costs related to the District's Water System, including the construction of Kennedale Balancing Reservoir second cell modifications, design of the Cedar Creek Wetlands, chemical system improvements, and other construction, improvements and repairs to the District's Water System; (ii) to fund a debt service reserve; and (iii) to pay costs of issuance for the Bonds.

Section 2. DESIGNATION OF THE BONDS. Each bond issued pursuant to this Resolution shall be designated: "TARRANT REGIONAL WATER DISTRICT, A WATER CONTROL AND IMPROVEMENT DISTRICT, WATER REVENUE BOND, SERIES 2022." 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 "Series 2022 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 "Series 2022 Bond" shall mean any of the Series 2022 Bonds.

Section 3. INITIAL DATE, DENOMINATION, NUMBER, MATURITIES, INITIAL REGISTERED OWNER, AND CHARACTERISTICS OF THE INITIAL BOND. (a) As authorized by Chapter 1371, Texas Government Code, as amended, the President of the Board of Directors, the General Manager, and the Chief Financial Officer 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 June 21, 2023, in the selling and delivering of the Series 2022 Bonds and carrying out the other procedures specified in this Resolution, including the use of a book-entry only system with respect to the Series 2022 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 Series 2022 Bonds, any additional or different designation or title by which the Bond shall be known, the price at which the Series 2022 Bonds will be sold (but in no event less than 97% of the principal amount of the Series 2022 Bonds), the principal amount (not exceeding \$54,000,000) of the Series 2022 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 Series 2022 Bonds), the rate of interest to be borne by each such maturity (but in no event to result in a net effective interest rate on the Series 2022 Bonds exceeding 5%), the interest payment dates and periods, the date or dates of optional redemption thereof, any mandatory sinking fund redemption provisions, procuring municipal bond insurance, if any, 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 Series 2022 Bonds. It is further provided, however, that, notwithstanding the foregoing provisions, the Series 2022 Bonds shall not be delivered unless the Series 2022 Bonds are then rated by a nationally recognized rating agency in one of the four highest rating categories for a long-term instrument.

(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 \$54,000,000), 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) 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 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, if any, 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  
TARRANT REGIONAL WATER DISTRICT,  
A WATER CONTROL AND IMPROVEMENT DISTRICT,  
WATER REVENUE BOND,  
SERIES 2022

TARRANT REGIONAL WATER DISTRICT, A WATER CONTROL AND IMPROVEMENT 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

\_\_\_\_\_ \*

in annual installments of principal due and payable on March 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 Underwriters (as defined in the Bond Resolution

\* From Approval Certificate.

(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 March 1 and September 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 BOKF, NA, 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 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. 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 pay for the planning, design, construction, and right of way costs related to the District's Water System, including the construction of Kennedale Balancing Reservoir second cell modifications, design of the Cedar Creek Wetlands, chemical system improvements, and other construction, improvements and repairs to the District's Water System; (ii) to fund a debt service reserve; and (iii) to pay costs of issuance for the Series 2022 Bonds.

\* From Approval Certificate.



ON \_\_\_\_\_\*, 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 March 1, \_\_\_\_ and March 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 March 1 in the each of years and in the amounts as follows:

Principal Installment due on March 1, \_\_\_\_\_

Years

Amounts

Principal Installment due on March 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, 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.]

\* From Approval Certificate.

\*\* From Approval Certificate, if applicable.

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 and the interest thereon, are special obligations of the Issuer which, together with other outstanding bonds of the Issuer, 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, which specifically include certain amounts to be received by the Issuer (i) pursuant to the "Tarrant County Regional Water Supply Facilities Contract," dated August 29, 1979, among the Issuer and the Cities of Fort Worth and Mansfield, Texas, the "Tarrant County Regional Water Supply Facilities Supplemental Contract For Trinity River Authority of Texas," dated as of March 12, 1979 between the Issuer and Trinity River Authority of Texas, and the "Tarrant County Regional Water Supply Facilities Amendatory Contract", dated September 1, 1982, among the Issuer, the Cities of Fort Worth, Arlington, and Mansfield, Texas, and Trinity River Authority of Texas, which last named amendatory contract consolidates the previous contracts between such parties with respect to the Issuer's Water System into one instrument and sets forth the entire agreement between such parties

with respect to the Issuer's Water System, and (ii) pursuant to contracts with other water customers of the Issuer.

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 \_\_\_\_\_\*, 2022.

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

\_\_\_\_\_  
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 SERIES 2022 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 BOKF, NA, Dallas, Texas (the "Paying Agent/Registrar") books or records for the registration of the transfer, conversion and exchange of the Series 2022 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 Series 2022 Bond to which payments with respect to the Series 2022 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 Series 2022 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 Series 2022 Bond or Series 2022 Bonds shall be paid as provided in the FORM OF SERIES 2022 BOND set forth in this Resolution. Registration of assignments, transfers, conversions and exchanges of Series 2022 Bonds shall be made in the manner provided and with the effect stated in the FORM OF SERIES 2022 BOND set forth in this Resolution. Each substitute Series 2022 Bond shall bear a letter and/or number to distinguish it from each other Series 2022 Bond.

An authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Series 2022 Bond, date and manually sign the Paying Agent/Registrar's Authentication Certificate, and no such Series 2022 Bond shall be deemed to be issued or outstanding unless such Certificate is so executed. The Paying Agent/Registrar promptly shall cancel all paid Series 2022 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 Series 2022 Bond or portion thereof, and the Paying Agent/Registrar shall provide for the printing, execution, and delivery of the substitute Series 2022 Bonds in the manner prescribed herein, and said Series 2022 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 Series 2022 Bonds as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of said Certificate, the converted and exchanged Series 2022 Bond shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Series 2022 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 Series 2022 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 Series 2022 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 Series 2022 Bonds.

(c) In General. The Series 2022 Bonds (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on such Series 2022 Bonds to be payable only to the registered owners thereof, (ii) if so provided in the Approval Certificate, may and/or shall be redeemed prior to their scheduled maturities, (iii) may be transferred and assigned, (iv) may be converted and exchanged for other Series 2022 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 Series 2022 Bonds, all as provided, and in the manner and to the effect as required or indicated, in the FORM OF SERIES 2022 BOND set forth in this Resolution. The Series 2022 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 Series 2022 Bond issued in conversion of and exchange for any Series 2022 Bond or Series 2022 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 SERIES 2022 BOND.

(d) Substitute Paying Agent/Registrar. The Issuer covenants with the registered owners of the Series 2022 Bonds that at all times while the Series 2022 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 Series 2022 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 Series 2022 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 Series 2022 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 Series 2022 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 Series 2022 Bonds and (ii) the amount of interest or amount treated as interest on the Series 2022 Bonds and required to be included in gross income of the owner thereof.

(f) Book-Entry Only System. The Series 2022 Bonds issued in exchange for the Initial Bond shall be initially issued in the form of a separate single fully registered Series 2022 Bond for each of the maturities thereof. Upon initial issuance, the ownership of each such Series 2022 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 Series 2022 Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

With respect to Series 2022 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 Series 2022 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 Series 2022 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 Series 2022 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 Series 2022 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 Series 2022 Bond is registered in the Registration Books as the absolute owner of such Series 2022 Bond for the purpose of payment of principal, premium, if any, and interest, as the case may be, with respect to such Series 2022 Bond, for the purpose of giving notices of redemption and other matters with respect to such Series 2022 Bond, for the purpose of registering transfers with respect to such Series 2022 Bond, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of and interest on the Series 2022 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 Series 2022 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 Series 2022 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 Series 2022 Bonds that they be able to obtain certificated Series 2022 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 Series 2022 Bonds to such successor securities depository or (ii) notify DTC and DTC Participants of the availability through DTC of Series 2022 Bonds and transfer one or more separate Series 2022 Bonds to DTC Participants having Series 2022 Bonds credited to their DTC accounts. In such event, the Series 2022 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 Series 2022 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 Series 2022 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 Series 2022 Bond and all notices with respect to such Series 2022 Bond shall be made and given, respectively, in the manner provided in the representation letter of the Issuer to DTC.

Section 7. FORM OF SERIES 2022 SUBSTITUTE BONDS. The form of all Series 2022 Bonds issued in conversion and exchange or replacement of any other Series 2022 Bond or portion thereof, including the form of Paying Agent/Registrar's Certificate to be printed on each of such Series 2022 Bonds, and the Form of Assignment to be printed on each of the Series 2022 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 SERIES 2022 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  
TARRANT REGIONAL WATER DISTRICT,  
A WATER CONTROL AND IMPROVEMENT DISTRICT,  
WATER REVENUE BOND,  
SERIES 2022

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>ISSUE DATE</u>	<u>CUSIP NO.</u>
%		_____, 2022	

ON THE MATURITY DATE specified above TARRANT REGIONAL WATER DISTRICT, A WATER CONTROL AND IMPROVEMENT 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 March 1 and September 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.

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

\*\* From Approval Certificate.

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 BOKF, NA, 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 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 \_\_\_\_\_\*, 2022, 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 pay for the planning, design, construction, and right of way costs related to the District's Water System, including the construction of Kennedale Balancing Reservoir second cell modifications, design of the Cedar Creek Wetlands, chemical system improvements, and other construction, improvements and repairs to the District's Water System; (ii) to fund a debt service reserve; and (iii) to pay costs of issuance for the Series 2022 Bonds.

\* From Approval Certificate.

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 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 March 1, \_\_\_\_\_ and March 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 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 March 1, \_\_\_\_\_

<u>Years</u>	<u>Amounts</u>
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Term Bonds maturing on March 1, \_\_\_\_\_

<u>Years</u>	<u>Amounts</u>
--------------	----------------

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

\* From Approval Certificate.

\*\* From Approval Certificate, if applicable.

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 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 and the interest thereon, are special obligations of the Issuer which, together with other outstanding bonds of the Issuer, 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, which specifically

include certain amounts to be received by the Issuer (i) pursuant to the "Tarrant County Regional Water Supply Facilities Contract", dated August 29, 1979, among the Issuer and the Cities of Fort Worth and Mansfield, Texas, the "Tarrant County Regional Water Supply Facilities Supplemental Contract For Trinity River Authority of Texas," dated as of March 12, 1979 between the Issuer and Trinity River Authority of Texas, and the "Tarrant County Regional Water Supply Facilities Amendatory Contract," dated September 1, 1982, among the Issuer, the Cities of Fort Worth, Arlington, and Mansfield, Texas, and Trinity River Authority of Texas, which last named amendatory contract consolidates the previous contracts between such parties with respect to the Issuer's Water System into one instrument and sets forth the entire agreement between such parties with respect to the Issuer's Water System, and (ii) pursuant to contracts with other water customers of the Issuer.

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 BOKF, NA,  
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. In addition to the definitions heretofore provided for, the following terms as used in this Resolution 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 on a parity with the Bonds, as hereinafter provided in Sections 21 and 22 hereof.

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

The terms "Bond Resolution" and "Resolution" shall mean this resolution authorizing the Series 2022 Bonds; and it is hereby resolved and provided that Sections 8 through 24 of this Bond Resolution are applicable to all of the Bonds, as hereinafter defined, and substantially restate and are supplemental to and cumulative of Sections 8 through 24 of each of the Series 2015 Bond Resolution, the Series 2015A Bond Resolution, the Series 2016 Bond Resolution, the Series 2016A Bond Resolution, the Series 2017 Bond Resolution, the Taxable Series 2020 Bond Resolution, the Taxable Series 2020B Bond Resolution, the Series 2020C Bond Resolution, and the Series 2022 Bond Resolution with the appropriate changes and additions which are required with respect to the issuance of the Series 2022 Bonds.

The term "Bonds" shall mean collectively (i) the unpaid and unrefunded Series 2015 Bonds, Series 2015A Bonds, Series 2016 Bonds, Series 2016A Bonds, Series 2017 Bonds, Series 2020 Bonds, Series 2020B Bonds, Series 2020C Bonds and (ii) the Series 2022 Bonds.

The term "Contracts" shall mean collectively: (a) the "Tarrant County Regional Water Supply Facilities Contract", dated as of August 29, 1979, among the District and the Cities of Fort Worth and Mansfield, Texas, the "Tarrant County Regional Water Supply Facilities Supplemental Contract For Trinity River Authority of Texas", dated as of March 12, 1979, between the District and Trinity River Authority of Texas, and the "Tarrant County Regional Water Supply Facilities Amendatory Contract", dated September 1, 1982, among the District, the Cities of Fort Worth, Arlington, and Mansfield, Texas, and Trinity River Authority of Texas, which last named amendatory contract consolidates the previous contracts between such parties with respect to the System into one instrument and sets forth the entire agreement between such parties with respect to the System; and (b) all water supply contracts heretofore or hereafter executed between the District and other cities and customers in connection with the District's Water System.

The terms "District" and "Issuer" shall mean Tarrant Regional Water District, a Water Control and Improvement District.

The term "District's Water System," "Issuer's Water System," or "System" shall mean all of the District's existing water storage, treatment, transportation, distribution, and supply facilities, including all dams, reservoirs, and other properties, wherever located, (a) which are currently being used for water supply purposes and, to the extent financed with the proceeds from the sale of the Bonds or Additional Bonds or moneys from the Contingency Fund (hereinafter created), all facilities



acquired or constructed in the future, and all improvements to any of the foregoing, and (b) all other facilities which in the future are deliberately and specifically, at the option of the Board, made a part of the System by resolution of the Board, but such term does not include any oil, gas, and other mineral properties owned by the District or property disposed of from time to time in accordance with the provisions of Section 23(g) hereof, provided that any property acquired in substitution therefor shall be included in the System, along with all repairs to and other replacements of the System. In particular such term includes and shall include (i) all of the District's existing Cedar Creek Project, a dam and reservoir on Cedar Creek in Henderson and Kaufman Counties, Texas, and Eagle Mountain Dam and Reservoir and Bridgeport Dam and Reservoir, which are water supply facilities of the District on the West Fork of the Trinity River, Richland-Chambers Reservoir in Navarro and Freestone Counties, Texas, and all transportation, storage, and other facilities related to all of the foregoing and (ii) the Projects which were, or are to be, financed with the proceeds from the sale of bonds originally authorized by the Series 1983 Bond Resolution, the Series 1986 Bond Resolution, Series 1999 Bond Resolution, the Series 2002 Bond Resolution, the Series 2006 Bond Resolution, the Series 2008A Bond Resolution, the Series 2008B Bond Resolution, the Series 2009 Bond Resolution, the Series 2010 Bond Resolution, the Series 2010A Bond Resolution, the Series 2010B Bond Resolution, the Series 2012 Bond Resolution, the Series 2012A Bond Resolution, the Series 2015 Bond Resolution, the Series 2015A Bond Resolution, the Series 2016 Bond Resolution, the Series 2016A Bond Resolution, the Series 2017 Bond Resolution, the Taxable Series 2020 Bond Resolution, the Taxable Series 2020B Bond Resolution, the Series 2020C Bond Resolution, and the Series 2022 Bond Resolution and made a part of the System. Unless deliberately added to the System by the Board, at its option, in the manner prescribed above, said term does not include any District flood control facilities or facilities which provide waste treatment or other wastewater services of any kind. Said term does not include any facilities acquired or constructed by the District with the proceeds from the issuance of "Special Facilities Bonds," which are hereby defined as being revenue obligations of the District, which are not issued as Additional Bonds, and which are payable from any source, contract, or revenues whatsoever other than the Pledged Revenues; and Special Facilities Bonds may be issued for any lawful purpose and made payable from any source, contract, or revenues whatsoever other than the Pledged Revenues.

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 District from the operation and/or ownership of the System (except as hereinafter provided), including specifically all payments and amounts received by the Board or the District from Contracts, and any interest income from the investment of money in any Funds created or maintained pursuant to any resolution authorizing the issuance of Bonds or Additional Bonds, excepting only any Construction Fund created pursuant to any resolution authorizing any Bonds or Additional Bonds. There is excepted from such term, and such term does not include (i) revenues derived by the District from the production of oil, gas, and other minerals owned by the District, or the revenues derived from the granting, sale, or lease of the right to explore for and produce same, or (ii) the royalties, rentals, license fees, and other income (other than from water sales) derived by the District from (a) lands and assets owned by the District as flood control facilities or (b) property of the District at Eagle Mountain Dam and Reservoir and Bridgeport Dam and Reservoir on the West Fork of the Trinity River.

The term "Operation and Maintenance Expenses of the System" or "Current Expenses" shall mean all reasonable and necessary current costs of operation and maintenance of the System

including, but not limited to, repairs and replacements, operating personnel, utilities, supervision, engineering, accounting, auditing, legal services, insurance premiums, paying agents fees, and any other supplies and services, administration of the System, and equipment necessary for proper operation and maintenance of the System, as well as payments made for the use or operation of any property, and payments made by the District in satisfaction of judgments or other liabilities resulting from claims not covered by the District's insurance. Neither depreciation nor any other expense which does not represent a cash expenditure shall be considered an item of Operation and Maintenance Expense.

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

The term "Pledged Revenues" shall mean: (a) the Net Revenues of the System and (b) any additional revenues, income, receipts, grants, donations, or other resources, received or to be received from any public or private source, whether pursuant to an agreement or otherwise, which in the future may, at the option of the District, be pledged to the payment of the Bonds or the Additional Bonds.

The term "Series 1983 Bond Resolution" shall mean the resolution adopted by the Board of Directors of the District on May 18, 1983, authorizing the Tarrant County Water Control and Improvement District Number One Water Revenue Bonds, Series 1983.

The term "Series 1986 Bond Resolution" shall mean the resolution adopted by the Board of Directors of the District on July 15, 1986, authorizing the Tarrant County Water Control and Improvement District Number One Water Revenue Bonds, Series 1986.

The term "Series 1999 Bond Resolution" shall mean the Resolution adopted by the Board of Directors of the District on May 18, 1999, authorizing Tarrant Regional Water District, a Water Control and Improvement District, Water Revenue Refunding and Improvement Bonds, Series 1999.

The term "Series 2002 Bond Resolution" shall mean the Resolution adopted by the Board of Directors of the District on December 17, 2002, authorizing Tarrant Regional Water District, a Water Control and Improvement District, Water Revenue Refunding and Improvement Bonds, Series 2002.

The term "Series 2006 Bond Resolution" shall mean the Resolution adopted by the Board of Directors of the District on March 21, 2006, authorizing Tarrant Regional Water District, a Water Control and Improvement District, Water Revenue Bonds, Series 2006.

The term "Series 2008A Bond Resolution" shall mean the Resolution adopted by the Board of Directors of the District on June 17, 2008, authorizing Tarrant Regional Water District, a Water Control and Improvement District, Water Revenue Bonds, Series 2008A.

The term "Series 2008B Bond Resolution" shall mean the Resolution adopted by the Board of Directors of the District on June 17, 2008, authorizing Tarrant Regional Water District, a Water Control and Improvement District, Water Revenue Bonds, Series 2008B.

The term "Series 2009 Bond Resolution" shall mean the Resolution adopted by the Board of Directors of the District on January 20, 2009, authorizing Tarrant Regional Water District, a Water Control and Improvement District, Water Revenue Refunding and Improvement Bonds, Series 2009.

The term "Series 2010 Bond Resolution" shall mean the Resolution adopted by the Board of Directors of the District on January 19, 2010, authorizing Tarrant Regional Water District, a Water Control and Improvement District, Water Revenue Bonds, Series 2010.

The term "Series 2010A Bond Resolution" shall mean the Resolution adopted by the Board of Directors of the District on May 18, 2010, authorizing Tarrant Regional Water District, a Water Control and Improvement District, Water Revenue Bonds, Series 2010A.

The term "Series 2010B Bond Resolution" shall mean the Resolution adopted by the Board of Directors of the District on May 18, 2010, authorizing Tarrant Regional Water District, a Water Control and Improvement District, Water Revenue Bonds, Series 2010B.

The term "Series 2012 Bond Resolution" shall mean the Resolution adopted by the Board of Directors of the District on January 17, 2012, authorizing Tarrant Regional Water District, a Water Control and Improvement District, Water Revenue Refunding and Improvement Bonds, Series 2012.

The term "Series 2012A Bond Resolution" shall mean the Resolution adopted by the Board of Directors of the District on September 18, 2012, authorizing Tarrant Regional Water District, a Water Control and Improvement District, Water Revenue Refunding and Improvement Bonds, Series 2012A.

The term "Series 2014 Bond Resolution" shall mean the Resolution adopted by the Board of Directors of the District on January 21, 2014, authorizing Tarrant Regional Water District, a Water Control and Improvement District, Water Revenue Bonds, Series 2014.

The term "Series 2015 Bond Resolution" shall mean the Resolution adopted by the Board of Directors of the District on January 20, 2015, authorizing Tarrant Regional Water District, a Water Control and Improvement District, Water Revenue Refunding and Improvement Bonds, Series 2015.

The term "Series 2015 Bonds" shall mean all unpaid and unrefunded Series 2015 Bonds authorized by the Series 2015 Bond Resolution

The term "Series 2015A Bond Resolution" shall mean the Resolution adopted by the Board of Directors of the District on October 20, 2015, authorizing Tarrant Regional Water District, a Water Control and Improvement District, Water Revenue Bonds, Series 2015A.

The term "Series 2015A Bonds" shall mean all unpaid and unrefunded Series 2015A Bonds authorized by the Series 2015A Bond Resolution.

The term "Series 2016 Bond Resolution" shall mean the Resolution adopted by the Board of Directors of the District on January 19, 2016, authorizing Tarrant Regional Water District, a Water Control and Improvement District, Water Revenue Bonds, Series 2016.

The term "Series 2016 Bonds" shall mean all unpaid and unrefunded Series 2016 Bonds authorized by the Series 2016 Bond Resolution.

The term "Series 2016A Bond Resolution" shall mean the Resolution adopted by the Board of Directors of the District on March 15, 2016, authorizing Tarrant Regional Water District, a Water Control and Improvement District, Water Revenue Refunding Bonds, Series 2016A.

The term "Series 2016A Bonds" shall mean all unpaid and unrefunded Series 2016A Bonds authorized by the Series 2016A Bond Resolution.

The term "Series 2017 Bond Resolution" shall mean the Resolution adopted by the Board of Directors of the District on July 18, 2017, authorizing Tarrant Regional Water District, a Water Control and Improvement District, Water Revenue Refunding Bonds, Series 2017.

The term "Series 2017 Bonds" shall mean all unpaid and unrefunded Series 2017 Bonds authorized by the Series 2017 Bond Resolution.

The term "Series 2020C Bond Resolution" shall mean the Resolution adopted by the Board of Directors of the District on October 20, 2020, authorizing Tarrant Regional Water District, a Water Control and Improvement District, Water Revenue Refunding Bonds, Series 2020C.

The term "Series 2020C Bonds" shall mean all unpaid and unrefunded Series 2020C Bonds authorized by the Series 2020C Bond Resolution.

The term "Series 2022 Bonds" shall mean collectively the Initial Bond as described and defined in Sections 1, 2, and 3 of this Bond Resolution, and all substitute bonds exchanged therefor, as well as all other substitute bonds and replacement bonds issued pursuant to this Bond Resolution, all as provided for herein; and the Series 2022 Bonds are Additional Bonds issued to be payable from and secured by a first lien on and pledge of the Pledged Revenues equally and ratably on a parity with all of the other Bonds, as permitted by Sections 20 and 21 of the Series 2015 Bond Resolution, the Series 2015A Bond Resolution, the Series 2016 Bond Resolution, the Series 2016A Bond Resolution, the Series 2017 Bond Resolution, the Taxable Series 2020 Bond Resolution, the Taxable Series 2020B Bond Resolution, and the Series 2020C Bond Resolution.

The term "Taxable Series 2020 Bond Resolution" shall mean the Resolution adopted by the Board of Directors of the District on January 21, 2020, authorizing Tarrant Regional Water District, a Water Control and Improvement District, Water Revenue Refunding Bonds, Taxable Series 2020.

The term "Taxable Series 2020 Bonds" shall mean all unpaid and unrefunded Taxable Series 2020 Bonds authorized by the Taxable Series 2020 Bond Resolution.

The term "Taxable Series 2020B Bond Resolution" shall mean the Resolution adopted by the Board of Directors of the District on October 20, 2020, authorizing Tarrant Regional Water District, a Water Control and Improvement District, Water Revenue Refunding Bonds, Taxable Series 2020B.

The term "Taxable Series 2020B Bonds" shall mean all unpaid and unrefunded Taxable Series 2020B Bonds authorized by the Taxable Series 2020B Bond Resolution.

The terms "year" and "fiscal year" shall mean the District's fiscal year, which currently ends on September 30, but which subsequently may be any other 12 month period hereafter established by the District as a fiscal year for the purposes of the System and any resolution authorizing the Bonds or any Additional Bonds.

Section 9. PLEDGE. (a) That the Bonds, as defined above, and any Additional Bonds, and the interest thereon, are and shall be secured equally and ratably on a parity by and payable from a first lien on and pledge of the Pledged Revenues; and the Series 2022 Bonds are Additional Bonds payable from and secured by a first lien on and pledge of the Pledged Revenues, as permitted by Sections 21 and 22 of the Series 2015 Bond Resolution, the Series 2015A Bond Resolution, the Series 2016 Bond Resolution, the Series 2016A Bond Resolution, the Series 2017 Bond Resolution, the Taxable Series 2020 Bond Resolution, the Taxable Series 2020B Bond Resolution, and Series 2020C Bond Resolution.

(b) That Chapter 1208, Government Code, applies to the issuance of the Series 2022 Bonds and the pledge of the revenues granted by the Issuer under this Section, and is therefore valid, effective, and perfected. Should Texas law be amended at any time while the Series 2022 Bonds are outstanding and unpaid, the result of such amendment being that the pledge of the revenues granted by the Issuer under this Section is to be subject to the filing requirements of Chapter 9, Business & Commerce Code, in order to preserve to the registered owners of the Series 2022 Bonds a 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 of a security interest in said pledge to occur.

Section 10. REVENUE FUND. That there has been created and established, and there shall be maintained on the books of the District, and accounted for separate and apart from all other funds of the District, a special fund to be entitled the "Tarrant Regional Water District Water Revenue Bonds Revenue Fund" (hereinafter called the "Revenue Fund"). All Gross Revenues of the System (except investment interest and income from the other Funds hereinafter described and maintained) 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. That for the sole purpose of paying the principal of and interest on all Bonds and any Additional Bonds, as the same come due, either

upon redemption or at maturity, there has been created and established, and there shall be maintained, at an official depository bank of the District, a separate fund to be entitled the "Tarrant Regional Water District Revenue Bonds Interest and Redemption Fund" (hereinafter called the "Interest and Redemption Fund").

Section 12. THE CONTINGENCY AND IMPROVEMENT FUND AND THE RESERVE FUND. (a) That there has been created and established and there shall be maintained, at an official depository bank of the District, a separate fund to be entitled the "Tarrant Regional Water District Water Revenue Bonds Contingency and Improvement Fund" (hereinafter called the "Contingency Fund"). The Contingency Fund shall be used solely for the purpose of paying the costs of improvements, enlargements, extensions, additions, or other capital expenditures relating to the System, and unexpected or extraordinary 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 Bonds or Additional Bonds, when and to the extent the amount in the Interest and Redemption Fund is insufficient for such purpose.

(b) That there has been created and established and there shall be maintained at an official depository bank of the District, a separate fund to be entitled the "Tarrant Regional Water District Water Revenue Bonds Reserve Fund" (hereinafter called the "Reserve Fund"), solely for the further security and benefit of the Bonds and any Additional Bonds. The Reserve Fund shall be used solely for the purpose of (i) finally retiring the last of the Bonds and any Additional Bonds, and (ii) paying principal of and interest on the Bonds or any Additional Bonds when and to the extent the amounts in the Interest and Redemption Fund and Contingency Fund are insufficient for such purpose. Out of proceeds of the Bonds, there shall be deposited to the Reserve Fund an amount of money sufficient to cause the Reserve Fund to contain the Required Amount (hereinafter defined). When and so long as the money and investments in the Reserve Fund are not less in market value than a "Required Amount" equal to the principal and interest requirements of the Bonds during the fiscal year in which such requirements are scheduled to be the greatest, no deposits shall be made to the credit of the Reserve Fund; but when and if the Reserve Fund at any time thereafter 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 District shall transfer from Pledged Revenues and deposit to the credit of the Reserve Fund, semiannually on or before the 25th days of each February and each August of each year, a sum equal to 1/10th of the "Required Amount" until the Reserve Fund is restored to said "Required Amount." So long as the Reserve Fund contains said "Required Amount" in market value, all amounts in excess of said "Required Amount," if any, shall, at least annually, on or before the 25th day of February of each year, be deposited to the credit of the Interest and Redemption Fund.

Section 13. DEPOSITS OF PLEDGED REVENUES; INVESTMENTS. (a) That 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 Bond Resolution, Sections 8 through 24 of the Series 2015 Bond Resolution, the Series 2015A Bond Resolution, the Series 2016 Bond Resolution, the Series 2016A Bond Resolution, the Series 2017 Bond Resolution, the Taxable Series 2020 Bond Resolution, the Taxable Series 2020B Bond Resolution, and the Series 2020C Bond Resolution, and Sections 8 through 24 of this Bond Resolution shall be applicable to all of the Bonds.

(b) That money in any Fund maintained pursuant to this Bond Resolution may, at the option of the District, be placed in 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, 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; 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 by the District in terms of current market value as of the 20th day of February of each year. All interest and income derived from such deposits and investments immediately shall be credited to, and any losses debited to, the Fund from which the deposit or investment was made, and surpluses in any Fund shall be disposed of as herein provided. Such investments shall be sold promptly when necessary to prevent any default in connection with the Bonds or Additional Bonds.

Section 14. FUNDS SECURED. That money in all Funds described in this Bond Resolution shall be secured in the manner prescribed by law for securing funds of the District.

Section 15. DEBT SERVICE REQUIREMENTS. (a) That promptly after the delivery of the Initial Bond the District shall cause to be deposited to the credit of the Interest and Redemption Fund all accrued interest, if any, received from the sale and delivery of the Initial Bond, and any such deposit shall be used to pay part of the interest coming due on the Series 2022 Bonds.

(b) That the District 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 semiannually on or before the 25th day of each February and each August of each year, 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 Bonds and Additional Bonds on the next succeeding interest payment date; and

(2) such amounts, deposited annually, on or before the 25th day of each February, 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 all principal scheduled to mature and come due on all Bonds on the next succeeding March 1, and to pay all principal of all Bonds and Additional Bonds, if any, scheduled to be redeemed prior to maturity on the next succeeding March 1 in accordance with the mandatory redemption provisions and schedules set forth in any applicable Bond Resolution.

Section 16. CONTINGENCY REQUIREMENTS. That there is now on deposit to the credit of the Contingency Fund an amount equal to at least \$1,100,000. 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 District's Annual Budget for the next ensuing fiscal year or years; provided that the District is not required to budget more than \$100,000 for such purpose during any one fiscal year; but the District shall have the right to budget additional amounts for such purpose if it is deemed necessary or advisable by the Board. So long as the Contingency Fund contains money and investments not less than the amount of \$1,100,000 in market value, any surplus in the Contingency Fund over said amount shall, semiannually on or before February 15 and August 15 of each year, be withdrawn, deposited to the credit of the Revenue Fund, commingled with other revenues from the operation of the System, and used for any lawful purpose for which Gross Revenues of the System may be used.

Section 17. DEFICIENCIES; EXCESS PLEDGED REVENUES. (a) That if on any occasion there shall not be sufficient Pledged Revenues to make the required deposits into the Interest and Redemption Fund, the Reserve Fund, and the Contingency 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.

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

Section 18. BONDS AND ADDITIONAL BONDS NOT PAYABLE FROM TAXES. It is specifically provided that the District is not authorized to, and shall not, levy, collect, or use any tax of any nature to pay the principal of or interest on any of the Bonds or Additional Bonds.

Section 19. PAYMENT OF BONDS AND ADDITIONAL BONDS. Semiannually on or before each March 1 and September 1 while any of the Bonds or Additional Bonds are outstanding and unpaid, the District shall make available to the paying agents therefor, ratably and on a parity out of the Interest and Redemption Fund, and/or the Contingency Fund, or, from the Reserve Fund, money sufficient to pay such interest on and such principal of the Bonds or Additional Bonds as will accrue or mature, or which is scheduled to be redeemed prior to maturity, on each such March 1 and September 1, respectively. The paying agents shall destroy all paid Bonds or Additional Bonds, and the coupons, if any, appertaining thereto, and furnish the District with an appropriate certificate of cancellation or destruction.

Section 20. DEFEASANCE OF BONDS. (a) Any Bond and the interest thereon shall be deemed to be paid, retired, and no longer outstanding (a "Defeased Bond") within the meaning of this Resolution, except to the extent provided in subsection (d) of this Section, when payment of the principal of such Bond, plus interest thereon to the due date (whether such due date be by reason of maturity, or otherwise) either (i) shall have been made or caused to be made in accordance with



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

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

(c) The term "Defeasance Securities" means (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 are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent.

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

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

Section 21. ADDITIONAL BONDS. (a) That the District 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 bonds (herein called "Additional Bonds"), which may be payable from and secured by a first lien on and pledge of the Pledged Revenues. No Additional Bonds shall be payable from or secured by ad valorem or other taxes.

(b) Additional Bonds, if and when authorized, issued, and delivered in accordance with the provisions hereof, shall be payable from the Interest and Redemption Fund, and shall be payable from and secured by a first lien on and pledge of the Pledged Revenues, equally and ratably on a parity with the Bonds and all other outstanding Additional Bonds.

(c) That the principal of all Additional Bonds must be scheduled to be paid or mature on March 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 22. FURTHER REQUIREMENTS FOR ADDITIONAL BONDS. (a) That Additional Bonds shall be issued only in accordance with the provisions hereof, and then applicable laws, and may be issued in any amounts, for any lawful purpose relating to the System, including the refunding of any Bonds or Additional Bonds. 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 (i) that the District is not in default as to any covenant, condition, or obligation in connection with all outstanding Bonds and Additional Bonds, and the resolutions authorizing the same, (ii) that the Interest and Redemption Fund and the Reserve Fund contain the amount then required to be therein, and (iii) that either (1) the Pledged Revenues in each fiscal year, commencing (A) with the third complete fiscal year following the execution of such certificate or report, or (B) with the fiscal year following the estimated completion date of any project for which the then proposed Additional Bonds are being issued (whichever of (A) or (B) is later) are estimated, based on a report of an independent engineer or firm of engineers, to be at least equal to 1.25 times the average annual principal and interest requirements of all Bonds and Additional Bonds to be outstanding after delivery of the then proposed Additional Bonds, or (2) based upon an opinion of legal counsel to the District, there are Contracts then in effect pursuant to which parties to such Contracts are obligated to make minimum payments to the District on a "take or pay" basis at such times and in such amounts as shall be necessary to provide to the District Pledged Revenues sufficient to pay when due all principal of and interest on all Bonds and Additional Bonds.

(b) That each resolution authorizing the issuance of Additional Bonds shall confirm the Reserve Fund as additional security for all such Additional Bonds, and the Reserve Fund shall be increased to the extent required to cause the Reserve Fund to be maintained in an amount not less than the principal and interest requirements, during the fiscal year in which such requirements are scheduled to be the greatest, of all Bonds and Additional Bonds to be outstanding after the issuance of such then proposed Additional Bonds (or any greater amount as may, at the option of the District, be provided for in any resolution authorizing the issuance of any Additional Bonds), and shall make provision for funding such Reserve Fund from Pledged Revenues, or, at the option of the District,

from bond proceeds or other available sources. Such Reserve Fund may be funded in whole or in part initially, or may be funded in whole or in part from Pledged Revenues by approximately equal periodic payments, not less than annual, and within not more than five years from the date of such then proposed Additional Bonds.

(c) That all calculations of principal and interest requirements of any bonds made in connection with the issuance of any then proposed Additional Bonds shall be made as of the date of such Additional Bonds; and also in making calculations for such purpose, or for any other purpose under any resolution authorizing any Bonds or Additional Bonds, the principal amounts of any Bonds or Additional Bonds which must be redeemed prior to maturity pursuant to any applicable mandatory redemption requirements shall be deemed to be maturing amounts of principal.

Section 23. GENERAL COVENANTS, REPRESENTATIONS, AND WARRANTIES. That the District further covenants, represents, warrants, and agrees that:

(a) PERFORMANCE. It will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in each resolution authorizing the issuance of the Bonds and any Additional Bonds, and in each and every 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 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 any holder of the Bonds or Additional Bonds may require the District, its Board, and its officials and employees, to carry out, respect, or enforce the covenants and obligations of each resolution authorizing the issuance of the Bonds and any 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 District, its Board, and its officials and employees.

(b) DISTRICT'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 the laws of the State of Texas, and is duly authorized under the laws of the State of Texas to create and issue the Bonds; that all action on its part for the creation and issuance of the Bonds has been duly and effectively taken, and that the Bonds in the hands of the holders and owners thereof are and will be valid and enforceable obligations of the District in accordance with their terms.

(c) TITLE. It has acquired and constructed, and will operate and maintain the System, and 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 of the aforesaid lands, buildings, and facilities, and every part thereof, for the benefit of the holders and owners of the Bonds and Additional Bonds against the claims and demands of all persons whomsoever, and is lawfully qualified to pledge the Pledged Revenues to the payment of the 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 District.

(e) OPERATION OF THE SYSTEM. While the 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 Bonds or any Additional Bonds are outstanding and unpaid, it will not additionally encumber the Pledged Revenues in any manner, except as permitted hereby in connection with Additional Bonds, unless said encumbrance is made junior and subordinate in all respects to the liens, pledges, covenants, and agreements of each resolution authorizing the issuance of the Bonds and any Additional Bonds; but the right of the District and the Board to issue revenue bonds for any lawful purpose payable from a subordinate lien on the Pledged Revenues is specifically recognized and retained. This Resolution does not and is not intended to affect, limit, or prohibit the issuance of bonds payable solely from ad valorem taxes.

(g) SALE OF PROPERTY. While the Bonds or any Additional Bonds, are outstanding and unpaid, it will maintain its current legal corporate status as a conservation and reclamation district, and it will 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 District deems it necessary to dispose of any real or personal property, machinery, fixtures, or equipment, it may sell or otherwise dispose of such real or personal property, machinery, fixtures, or equipment when it has made arrangements to replace the same or provide substitutes therefor, unless it is determined by resolution of the Board that no such replacement or substitute is necessary; and all proceeds from the sale thereof shall be credited to the Revenue Fund. In all events counsel to the Issuer shall opine as to the validity of the Resolution, as supplemented and amended and counsel to the Contracting Parties shall opine on the validity of the obligation of the Contracting Parties under the Contract.

(h) INSURANCE. (1) It will carry or cause to be carried such insurance as usually would be carried by corporations or other business entities operating like properties and engaged in similar activities, with a responsible insurance company or companies; provided that no insurance shall be required to the extent that the Board determines, based on the advise of legal counsel, that no substantial liability can or will arise under a particular hazard. At any time while any contractor engaged in construction work shall be fully responsible therefor, the District shall not be required to carry insurance on the works being constructed, if the contractor is required to carry appropriate insurance. All such policies shall be open to the inspection of the owners or holders of the 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 District 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 District. The proceeds of insurance covering such property, together with any other funds necessary and available for such purpose, shall be used forthwith by the District 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 Bonds and Additional Bonds, if any, ratably in the proportion that the outstanding principal of each Series or issue of Bonds or Additional Bonds bears to the total outstanding principal of all 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 Bonds or Additional Bonds is subject to redemption, then for the purchase on the open market and retirement of said 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 Bond or Additional Bonds shall not exceed the redemption price of such 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 District, 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, revise (if and when necessary), and collect such rates, charges, and fees for the sale of water from the System and 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 and any taxes as may be levied by the District for such purpose, (1) to pay all Operation and Maintenance Expenses of the System, and (2) to produce Pledged Revenues adequate to provide for all payments and deposits required to be made into the Interest and Redemption Fund, the Reserve Fund, and the Contingency Fund, when and as required by the resolutions authorizing all Bonds and Additional Bonds.

(j) **RECORDS.** It will keep proper books of records and accounts 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 created pursuant to each resolution authorizing the issuance of the Bonds and Additional Bonds; 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 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 District, 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 owners or holders of the Bonds and Additional Bonds 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 franchises, permits, and agreements applicable to the System and the Bonds or Additional Bonds entered into between the District and any governmental agency, and the District will take all action necessary to enforce said terms and conditions; and the District 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 will cause the other parties to the Contracts to comply with all of their obligations thereunder by all lawful means; and the Contracts will not be rescinded, modified, or amended in any way which would have a materially adverse effect on the operation of the System or the rights of the owners of the Bonds and Additional Bonds.

(n) ANNUAL BUDGET. On or before August 1 of each calendar year, it will prepare the preliminary Annual Budget of Operation and Maintenance Expenses of the System for the ensuing fiscal year, and such budget shall include a showing as to the proposed expenditures for such ensuing fiscal year, and shall show the estimated amount of Net Revenues of the System for such year. If the owners or holders of 25% in aggregate principal amount of the 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 bondholder 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 a newspaper of general circulation published in the District, with 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 bondholder who shall have filed his name and address with the Secretary of the Board for such purpose. The District further covenants that on or before October 1 of each calendar year it will finally adopt the Annual Budget of Operation and Maintenance Expenses of the System for such fiscal year (hereinafter sometimes called the "Annual 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. The District may, at any time deemed necessary by the Board, adopt an Amended or Supplemental Budget for the remainder of the then current fiscal year.

Section 24. AMENDMENT OF RESOLUTION. (a) The holders and registered owners of Bonds and Additional Bonds (hereinafter collectively called "holders") aggregating 51% in principal amount of the aggregate principal amount of then outstanding Bonds and Additional Bonds shall have the right from time to time to approve any amendment to any resolution authorizing the issuance of any Bonds or Additional Bonds, which may be deemed necessary or desirable by the District, 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 Bonds or Additional Bonds so as to:

- (1) Make any change in the maturity of the outstanding Bonds or Additional Bonds;
- (2) Reduce the rate of interest borne by any of the outstanding Bonds or Additional Bonds;
- (3) Reduce the amount of the principal payable on the outstanding Bonds or Additional Bonds;
- (4) Modify the terms of payment of principal of or interest on the outstanding Bonds or Additional Bonds, or impose any conditions with respect to such payment;
- (5) Effect any change in the rights of the holders of the Bonds and Additional Bonds then outstanding, other than a change which similarly affects all such holders;
- (6) Change the minimum percentage of the principal amount of Bonds and Additional Bonds necessary for consent to such amendment.

(b) If at any time the District shall desire to amend a resolution under this Section, the District 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, 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 Bonds and Additional Bonds, for inspection by all holders of Bonds and Additional Bonds. Such publication is not required, however, if notice in writing is given to each holder of 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 said notice or other service of written notice the District shall receive an instrument or instruments executed by the holders of at least 51% in aggregate principal amount of all 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 District 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 District and all the holders of then outstanding 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 of a Bond or Additional Bonds 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 of the same 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 who gave such consent, or by a successor in title, by filing notice thereof with each Paying Agent/Registrar for the Bonds and Additional Bonds, and the District, but such revocation shall not be effective if the holders of 51% in aggregate principal amount of the then outstanding 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 Bonds or Additional Bonds by any holder of Bonds or Additional Bonds which are not registered and which are payable to bearer, and the amount and numbers of such registered 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 Bonds or Additional Bonds described in such certificate. The District may conclusively assume that such ownership continues until written notice to the contrary is served upon the District. All matters relating to the ownership of registered Bonds and Additional Bonds shall be determined from the bond registration books kept by the registrar therefor.

Section 25. **DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED Series 2022 BONDS.** (a) Replacement Bonds. In the event any outstanding Series 2022 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 Series 2022 Bond in the manner hereinafter provided.

(b) Application for Replacement Bonds. Application for replacement of damaged, mutilated, lost, stolen, or destroyed Series 2022 Bonds shall be made by the registered owner thereof to the Paying Agent/Registrar. In every case of loss, theft, or destruction of a Series 2022 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 Series 2022 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 Series 2022 Bond, as the case may be. In every case of damage or mutilation of a Series 2022 Bond, the



registered owner shall surrender to the Paying Agent/Registrar for cancellation the Series 2022 Bond so damaged or mutilated.

(c) No Default Occurred. Notwithstanding the foregoing provisions of this Section, in the event any such Series 2022 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 Series 2022 Bond, the Issuer may authorize the payment of the same (without surrender thereof except in the case of a damaged or mutilated Series 2022 Bond) instead of issuing a replacement Series 2022 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 Series 2022 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 Series 2022 Bond is lost, stolen, or destroyed shall constitute a contractual obligation of the Issuer whether or not the lost, stolen, or destroyed Series 2022 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 Series 2022 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 Series 2022 Bonds in the form and manner and with the effect, as provided in this Resolution for Series 2022 Bonds issued in conversion and exchange for other Series 2022 Bonds.

Section 26. CUSTODY, APPROVAL, AND REGISTRATION OF SERIES 2022 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 Series 2022 Bonds issued and delivered in conversion of and exchange or replacement of any Series 2022 Bond, but neither shall have any legal effect, and shall be solely for the convenience and information of the registered owners of the Series 2022 Bonds. The preamble to this Resolution is hereby adopted and made a part hereof for all purposes. If insurance is obtained by the Underwriters (as defined in Section 31 hereof) on any of the Series 2022 Bonds, the Initial Bond and all the Series 2022 Bonds so insured shall bear an appropriate legend concerning insurance as provided by the insurer.

Section 27. COVENANTS REGARDING TAX EXEMPTION. (a) Covenants. The Issuer covenants to take any action necessary to assure, or refrain from any action that would adversely affect, the treatment of the Series 2022 Bonds as obligations described in section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), the interest on which is not includable in the "gross income" of the Series 2022 Bonds 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 Series 2022 Bonds (less amounts deposited to a reserve fund, if any) are used for any "private business use," as defined in section 141(b)(6) of the Code or, if more than 10 percent of the proceeds 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 Series 2022 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 (1) hereof exceeds 5 percent of the proceeds of the Series 2022 Bonds or the projects financed therewith (less amounts deposited into a reserve fund, if any) then the amount in excess of 5 percent is used for a "private business use" that 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 that is greater than the lesser of \$5,000,000, or 5 percent of the proceeds of the Series 2022 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 Series 2022 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 Series 2022 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 Series 2022 Bonds, directly or indirectly, to acquire or to replace funds that were used, directly or indirectly, to acquire investment property (as defined in section 148(b)(2) of the Code) that produces a materially higher yield over the term of the Series 2022 Bonds, other than investment property acquired with –

(A) proceeds of the Series 2022 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 Series 2022 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 Series 2022 Bonds;

(7) to otherwise restrict the use of the proceeds of the Series 2022 Bonds or amounts treated as proceeds of the Series 2022 Bonds, as may be necessary, so that the Series 2022 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 Series 2022 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 Series 2022 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 Series 2022 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; and

(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 (a)(1) and (a)(2), 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 Series 2022 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 Series 2022 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 Series 2022 Bonds under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated that impose additional requirements applicable to the Series 2022 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 Series 2022 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 General Manager, or the Chief Financial Officer 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 Series 2022 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. 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 Series 2022 Bonds, or (2) the date the Series 2022 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 Series 2022 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. The Issuer covenants that the property constituting the Project will not be sold or otherwise disposed in a transaction resulting in the receipt by the Issuer of cash or other compensation, unless the Issuer obtains an opinion of nationally-recognized bond counsel that such sale or other disposition will not adversely affect the tax-exempt status of the Series 2022 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. (a) Definitions. As used in this Section, the following terms have the meanings ascribed to such terms below:

"*Authority*" means Trinity River Authority.

"*Cities*" means the Cities of Arlington, Fort Worth and Mansfield.

"*MSRB*" means the Municipal Securities Rulemaking Board.

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

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

(b) General. Pursuant to a Continuing Disclosure Agreement by and among the Issuer, the Cities, and the Authority, the Issuer, the Cities and the Authority have undertaken for the benefit of the beneficial owners of the Series 2022 Bonds, to the extent set forth therein, to provide continuing disclosure of financial information and operating data with respect to the Issuer, Cities and Authority in accordance with the Rule as promulgated by the SEC.

(c) Annual Reports. (i) The Issuer shall provide annually to the MSRB, within six months after the end of each fiscal year ending in or after 2022, financial information and operating data with respect to the Issuer of the general type included in the final Official Statement authorized by Section 32 of this Resolution, being the information described in Exhibit B. Any financial statements so to be provided shall be prepared in accordance with the accounting principles described in Exhibit B thereto, or such other accounting principles as the Issuer may be required to employ from time to time pursuant to state law or regulation, and audited, if the Issuer commissions an audit of such statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within such period, then the Issuer shall provide audited financial statements for the applicable fiscal year to the MSRB, when and if the audit report on such statements become available.

(ii) If the Issuer changes its fiscal year, it 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.

(d) (d) Disclosure Event Notices. The Issuer shall notify the MSRB, in a timely manner, of any of the following events with respect to the Series 2022 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. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determination of taxability, Notes of Proposed Issue (IRS Form 5701-TEB) or other material notes or determinations with respect to the tax-exempt status of the Bonds, or other events affecting the tax-exempt status of the Bonds;

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 an Obligated Person;
13. The consummation of a merger, consolidation, or acquisition involving the Issuer or an Obligated Person or the sale of all or substantially all of the assets of the Issuer or an 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;
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, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer or an 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 any of which reflect financial difficulties.

For these purposes, (a) any event described in the immediately preceding paragraph (11) 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 (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 the MSRB, in a timely manner, of any failure by the Issuer to provide financial information or operating data in accordance with Section 30(c) of this Resolution by the time required by such Section.

(e) Limitations, Disclaimers, and Amendments. (i) 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 an Obligated Person with respect to the Series 2022 Bonds within the meaning of the Rule, except that the Issuer in any event will give notice of any deposit made in accordance with this Resolution or applicable law that causes Series 2022 Bonds no longer to be outstanding.

(ii) The provisions of this Section are for the sole benefit of the holders and beneficial owners of the Series 2022 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 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 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 Series 2022 Bonds at any future date.

(iii) UNDER NO CIRCUMSTANCES SHALL THE ISSUER BE LIABLE TO THE HOLDER OR BENEFICIAL OWNER OF ANY SERIES 2022 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.

(iv) 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.

(v) 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 identity, 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 Series 2022

Bonds in the primary offering of the Series 2022 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 Series 2022 Bonds consent to such amendment or (b) a person that is unaffiliated with the Issuer (such as bond counsel) determines that such amendment will not materially impair the interest of the holders and beneficial owners of the Series 2022 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) of this Section 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 Series 2022 Bonds in the primary offering of the Series 2022 Bonds.

Section 31. SALE OF SERIES 2022 BONDS. Pursuant to the authorizations in Section 3 hereof, as approved by the Authorized Officer, the Series 2022 Bonds may be sold either pursuant to the taking of bids therefor as provided in an 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 the Series 2022 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 Series 2022 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 Series 2022 Bonds, in substantially the form as submitted to the Board of Directors at this meeting, is hereby approved and authorized to be distributed to prospective investors and other interested parties in connection with the underwriting and sale of the Series 2022 Bonds, with such changes therein as shall be approved by the President of the Board of Directors or the General Manager of the Issuer, 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 Series 2022 Bonds, is hereby approved. For the purpose of review by the Purchaser prior to purchasing the Series 2022 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. 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 34. FURTHER PROCEDURES. The President and the Secretary of the Board of Directors and the General Manager and the Chief Financial Officer of the Issuer, and all other officers, employees, and agents of the Issuer, and each of them, shall be and they are hereby expressly authorized, empowered, and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge, and deliver in the name and 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 Series 2022 Bond shall cease to be such officer before the delivery of such Series 2022 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. 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 36. 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.

## 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 Series 2022 Bonds and any Additional Bonds (the "Obligations") the Issuer's General Manager, Assistant General Manager, and Chief Financial Officer (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 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, the employees of the Issuer, the agents of the Issuer 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, the employees of the Issuer, the agents of the Issuer 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, the employees of the Issuer, the agents of the Issuer 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, 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.

## TARRANT REGIONAL WATER DISTRICT

### AGENDA ITEM 5

**DATE:** June 21, 2022

**SUBJECT:** Consider Approval of Contract Amendment to City of Midlothian's Additional Party Raw Water Supply Contract

**FUNDING:** N/A

#### **RECOMMENDATION:**

Management recommends approval of the proposed contract amendment to City of Midlothian's Additional Party Raw Water Supply Contract to increase the annual not-to-exceed volume by 6 MGD (from 12.19 MGD to 18.19 MGD).

#### **DISCUSSION:**

The City of Midlothian is an existing TRWD municipal customer with taps on the Richland-Chambers and Cedar Creek pipelines. In addition to purchasing raw water from TRWD, Midlothian also has the right to divert up to 5.95 MGD on an annual basis from Joe Pool Lake, and up to 2.8 MGD of reuse water from Mountain Creek Regional Wastewater System.

Midlothian was a party to the 1991 Trinity River Authority - Ellis County Regional Water Supply Project Contract through which it purchased TRWD raw water. On December 1, 2018, TRWD executed an Additional Party Raw Water Supply Contract directly with Midlothian. The annual not-to-exceed volume authorized by this contract was 10.33 MGD.

On June 18, 2019, Amendment #1 to the 2018 Additional Party Raw Water Supply Contract between Midlothian and TRWD was executed. This amendment increased the annual not-to-exceed volume to 12.19 MGD.

In order to accommodate the significant growth and increasing water demands that Midlothian is currently experiencing and that are projected to continue, they have requested to increase the annual not-to-exceed volume by 6 MGD (from 12.19 MGD to 18.19 MGD). The request was evaluated by TRWD staff and found to be justified, and the District's current supplies are sufficient to support this increase. The buy-in premium for the additional 6 MGD will be \$8,983,974. The amendment will also increase Midlothian's annual minimum requirement, but the term of the 2018 Additional Party Raw Water Supply Contract will remain unchanged.

The Advisory Committee reviewed this item on June 10, 2022 and recommends approval.

This item was reviewed by the Construction and Operations Committee on June 17, 2022.

**Submitted By:**

Zach Huff  
Water Resources Engineering Director

**TARRANT REGIONAL WATER DISTRICT**

**AGENDA ITEM 6**

**DATE:** June 21, 2022

**SUBJECT:** Consider Approval of Change Order with BAR Constructors, Inc. for the Kennedale Balancing Reservoir Yard Piping, Inlet and Outlet Modifications Project

**FUNDING:** Bond Fund

**RECOMMENDATION:**

Management recommends approval of a change order **in the amount of \$274,000** to BAR Constructors, Inc. for the Kennedale Balancing Reservoir Yard Piping, Inlet and Outlet Modifications Project. The current contract price is \$40,025,600 and the revised contract price, including this change order, will be \$40,299,600.

**DISCUSSION:**

When the Board awarded the original contract to BAR Constructors Inc. in November 2021, the base bid, alternates, and allowances were included. Due to continued fluctuating construction materials costs since then, TRWD staff recommend locking in the unit pricing for Extra Work Items that were submitted as part of original BAR Constructors Inc. proposal. Payment will be made only for additional quantities as required. The purpose of Change Order 0002, totaling \$274,000, is to address addition of extra work items at the Kennedale Balancing Reservoir Yard Piping, Inlet and Outlet Modification Project as follows:

<b>Extra Work Item-01 Controlled Low Strength Material (CLSM)</b> 500cy @ \$100/cy	\$50,000
<b>Extra Work Item-02 Class C Concrete</b> 500cy @ \$125/cy	\$62,500
<b>Extra Work Item-03 Class E Concrete for Soil Cement Patching</b> 500cy @ \$125/cy	\$62,500
<b>Extra Work Item-04 Additional Fence</b> 500lf @ \$50/lf	\$25,000
<b>Extra Work Item-05 Concrete Encasement of 120-Inch Pipe</b> 40lf @ \$1,850/lf	\$74,000



**Net Change to Contract Amount:**

**\$274,000**

This item was reviewed by the Construction and Operations Committee on June 17, 2022.

**Submitted By:**

Jason Gehrig, P.E.  
Infrastructure Engineering Director



# Memo

**TO:** Donna Stephens  
**FROM:** Mark Lyon  
**COPY:** Robert Allen  
**DATE:** June 14, 2022  
**SUBJECT:** Consider Approval of a Change Order with BAR Constructors, Inc. for the Kennedale Balancing Reservoir Yard Piping, Inlet and Outlet Modifications Project.

The purpose of this Memo is to document the items proposed in Change Order 0002.

Extra Work Items	\$274,000.00
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The original contract value was \$40,505,600.00. Approved change orders to date totaling \$(480,000.00) places the current contract value at \$40,025,600.00. The total amount of this change order of \$274,000.00 increases the total contract value to \$40,299,600.00.

**Change Order**

<b>Project:</b> <u>KBR Yard Piping and Inlet and Outlet Modifications (KBR3E)</u>	<b>Project Number:</b> _____
<b>Owner:</b> <u>Tarrant Regional Water District</u>	<u>21-147</u>
<b>Contractor:</b> <u>BAR Constructors, Inc.</u>	<u>289</u>
<b>Engineer:</b> <u>Freese and Nichols, Inc.</u>	<u>TWC2214</u>
<b>Change Order No.:</b> <u>0002</u> <b>Date:</b> <u>06/01/2022</u>	
<b>Funding Source:</b> <u>Bond</u>	

**Make the following additions, modifications, or deletions to the Work described in the Contract Documents:**

<b>Re: Extra Work Item-01 CLSM</b>	_____
500cy @ \$100/cy	\$50,000.00
<b>Re: Extra Work Item-02 Class C Concrete</b>	_____
500cy @ \$125/cy	\$62,500.00
<b>Re: Extra Work Item-03 Class E Concrete for Soil Cement Patching</b>	_____
500cy @ \$125/cy	\$62,500.00
<b>Re: Extra Work Item-04 Additional Fence</b>	_____
500lf @ \$50/lf	\$25,000.00
<b>Re: Extra Work Item-05 Concrete Encasement of 120-Inch Pipe</b>	_____
40lf @ \$1,850/lf	\$74,000.0


**Net Change to Contract Amount:** \$274,000.00

*The compensation in this Change Proposal is the full, complete, and final compensation for all costs the Contractor may incur as a result of or relating to this change whether said costs are known, unknown, foreseen, or unforeseen at this time, including without limitation, any cost for delay, extended overhead, ripple or impact cost, or any other effect on changed or unchanged Work as a result of this Contract Amendment. The changes in Contract Times are the complete and final adjustments for direct impacts to the ability of the Contractor to complete the Work within the Contract Times and are the only adjustments to which the Contractor is entitled.*

<b>a Original Contract Price</b>	\$40,505,600.00
<b>b Previously Approved Change Order Amounts</b>	(\$480,000.00)
<b>c Adjusted Contract Price ( a + b )</b>	\$40,025,600.00
<b>d Change Order Amount</b>	\$274,000.00
<b>e Revised Contract Price ( c + d )</b>	\$40,299,600.00
<b>f Percent Change to Date:</b> <u>.51%</u>	<b>g Change in Days this Change Order:</b> <u>0</u>
<b>Completion Dates:</b>	<b>Original                      Previous                      Current</b>
<b>Substantial</b> <b>h</b> <u>04/04/2024</u>	<b>i</b> <u>04/04/2024</u> <b>j</b> <u>04/04/2024</u>
<b>Final</b> <b>k</b> <u>06/03/2024</u>	<b>l</b> <u>06/03/2024</u> <b>m</b> <u>06/03/2024</u>

**Recommended by:** Project Construction Manager  
  
 \_\_\_\_\_  
 Date: 06/01/2022  
 \_\_\_\_\_

**Approved by:** BAR Constructors, Inc.  
  
 \_\_\_\_\_  
 Name: \_\_\_\_\_ Date: 06/01/22  
 \_\_\_\_\_

**Recommended by:** Program Construction Manager  
  
 \_\_\_\_\_  
 Name: \_\_\_\_\_ Date: 06/01/2022  
 \_\_\_\_\_

**Approved by:** Tarrant Regional Water District  
 \_\_\_\_\_  
 Name: \_\_\_\_\_ Date: \_\_\_\_\_  
 \_\_\_\_\_

**TARRANT REGIONAL WATER DISTRICT**

**AGENDA ITEM 8**

**DATE:** June 21, 2022

**SUBJECT:** Executive Session

**FUNDING:** N/A

**RECOMMENDATION:**

Section 551.071 to Consult with Legal Counsel on a Matter in Which the Duty of Counsel Under the Texas Disciplinary Rules of Professional Conduct Clearly Conflicts with Chapter 551, Texas Government Code; and

Section 551.076 Deliberation Regarding Security Devices or Security Audits

**DISCUSSION:**

- Conflict of duty of counsel
- Pending litigation
- Real property issues

**Submitted By:**

Alan Thomas  
Deputy General Manager

Next Scheduled Board Meeting

July 19, 2022