



NORTH TEXAS MUNICIPAL WATER DISTRICT

**501 E. Brown Street
Wylie, Texas 75098
(972) 442-5405**

Board of Directors Agenda

Thursday, February 26, 2026

2:30 PM

**REGULAR MEETING (IN PERSON
AND BY VIDEOCONFERENCE)**

Notice is hereby given pursuant to V.T.C.A., Government Code, Chapter 551, that the Board of Directors of North Texas Municipal Water District (NTMWD) will hold a regular meeting in person and by videoconference, accessible to the public, on Thursday, February 26, 2026, at 2:30 p.m., at the following meeting location: NTMWD Administrative Offices, 501 E. Brown Street, Wylie, Texas 75098.

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

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

I. CALL TO ORDER

II. INVOCATION

III. PLEDGE OF ALLEGIANCE

IV. PLEDGE OF ALLEGIANCE TO THE TEXAS FLAG

V. ROLL CALL/ANNOUNCEMENT OF QUORUM

VI. OPENING REMARKS

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

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

- A. **February 2026 Board Memorandum**

[26B-2](#)

VII. PUBLIC COMMENTS

We welcome members, customers, and the public to participate during the public comment period of the meeting. Before the start of the meeting, speakers must complete and submit a "Public Comment Registration Form." During this portion of the meeting speakers will be recognized by name and asked to provide their comments. The time limit is three (3) minutes per speaker, not to exceed a total of thirty (30) minutes for all speakers. The Texas Open Meetings Act prohibits the Board from discussing items not listed on the agenda, however, Board members may respond with factual or policy information.

VIII. DISCUSSION ITEMS

- A. Update on Texas Parks and Wildlife partnership with North Texas Municipal Water District

IX. EXECUTIVE SESSION

The Presiding Officer will announce that the meeting will move into closed executive session and identify the agenda items to be discussed in executive session. At the conclusion of the executive session, the public meeting will resume.

There are no scheduled Executive Session items.

X. RECONVENE INTO REGULAR SESSION

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

XI. CONSENT AGENDA ITEMS

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

- A. **January 2026 Regular Board Meeting Minutes**

[26C-3](#)

The Executive Director and NTMWD staff recommend the Board of Directors approve the minutes of the regular Board meeting held on Thursday, January 22, 2026, as presented.

B. Modification of Capital Projects Request [26C-4](#)

Recommend the Board of Directors approve the February 2026 Modification of Capital Projects Request as presented.

C. Princeton Lift Station Expansion - Pump Impeller Replacement; Project No. 501-0617-22; Award of Seller Services Agreement [26C-5](#)

Authorize award of a seller services agreement in the amount of \$262,892 to FCX Performance Inc. dba Pierce Pump Company.

XII. AGENDA ITEMS FOR INDIVIDUAL CONSIDERATION**GENERAL / ADMINISTRATIVE AGENDA ITEMS****A. Annual Comprehensive Financial Report [26-6230](#)**

Accept submission of the fiscal year 2025 Annual Comprehensive Financial Report (ACFR).

B. Refunding Bonds for Extendable Commercial Paper Bonds; Resolution No. 26-02 [26-6231](#)

Adopt Resolution No. 26-02 requesting authorization to issue Refunding Bonds for the Regional Water System Extendable Commercial Paper Bonds.

C. Refunding Bonds for Extendable Commercial Paper Bonds; Resolution No. 26-03 [26-6232](#)

Adopt Resolution No. 26-03 requesting authorization to issue Refunding Bonds for the Regional Wastewater System Extendable Commercial Paper Bonds.

D. Refunding Bonds for Extendable Commercial Paper Bonds; Resolution No. 26-04 [26-6233](#)

Adopt Resolution No. 26-04 requesting authorization to issue Refunding Bonds for the Upper East Fork Wastewater Interceptor System Extendable Commercial Paper Bonds.

WATER AGENDA ITEMS**E. Leonard Treated Water Pipeline No. 2, Segment D; Project No. 101-0684-26; Engineering Services Agreement - Final Engineering Design [26-6234](#)**

Authorize funding in the amount of \$4,583,900 to Freese and Nichols, Inc. for an engineering services agreement for final engineering design of the proposed Leonard Treated Water Pipeline No. 2, Segment D.

- F. Leonard Treated Water Pipeline No. 2, Segment E; Project No. 101-0685-26; Engineering Services Agreement - Final Engineering Design** [26-6235](#)

Authorize funding in the amount of \$4,890,150 to HDR Engineering, Inc. for an engineering services agreement for final engineering design of the proposed Leonard Treated Water Pipeline No. 2, Segment E.

- G. Leonard to Princeton Pipeline; Project No. 101-0686-26; Preliminary Engineering Services Agreement** [26-6236](#)

Authorize funding in the amount of \$2,737,600 to AECOM Technical Services, Inc. for an engineering services agreement (ESA) for preliminary design of the Leonard to Princeton Pipeline project.

- H. Leonard Treated Water Pipeline to Farmersville Delivery Point; Project No. 101-0632-23; Tabulation of Bids and Award of Contract for Pipe Procurement** [26-6237](#)

Authorize award of a procurement contract in the amount of \$15,257,175 to Northwest Pipe Company for pipe procurement, storage, and delivery for the Leonard Treated Water Pipeline to Farmersville Delivery Point project.

- I. Authorization of Execution of the Potable Water Supply Contract with Milligan Water Supply Corporation (WSC), a current Customer of NTMWD.** [26-6238](#)

Authorize execution of new Potable Water Supply Contract with Milligan WSC (Customer), a current Customer of NTMWD.

- J. Authorization of Execution of the Potable Water Supply Contract with the Town of Little Elm, a current Customer of NTMWD.** [26-6239](#)

Authorize execution of new Potable Water Supply Contract with Town of Little Elm (Customer), a current Customer of NTMWD.

SOLID WASTE AGENDA ITEMS

- K. Public Hearing on City of Melissa Request for Membership in Regional Solid Waste System** [26-6240](#)

Setting public hearing on City of Melissa request for membership in the Regional Solid Waste System.

- L. **Second Modification of Interlocal Cooperation Agreement between NTMWD and City of Plano, and Companion Memorandum of Understanding between NTMWD and Cities of Allen, Frisco, McKinney, Plano, and Richardson Regarding Amended and Restated Regional Composting Program** [26-6241](#)

Authorize the Executive Director to execute the Second Modification of Interlocal Cooperation Agreement (ILA) Between North Texas Municipal Water District and the City of Plano, Texas for Amended and Restated Regional Composting Program, and execute the companion Second Modification of Memorandum of Understanding (MOU) Between North Texas Municipal Water District, Cities of Allen, Frisco, McKinney, Plano, and Richardson Regarding Amended and Restated Regional Composting Program Interlocal Agreement.

XIII. CLOSING ITEMS

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

XIV. ADJOURNMENT

REQUIRED LEGAL NOTICES

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

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

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



NORTH TEXAS MUNICIPAL WATER DISTRICT

501 E. Brown Street
Wylie, Texas 75098
(972) 442-5405

2/26/2026

Board Memorandum No. 26B-2



MEMO

TO: NTMWD Board of Directors
FROM: Jenna Covington, Executive Director
DATE: February 20, 2026
SUBJECT: February 26, 2026, Board Meeting

Let me start by welcoming Steve Matthews to his first Board Meeting as Director from the City of Allen. I had a chance to visit with Director Matthews last week and learn about his breadth of experience and passion for public service. Given the strong commitment to the region of every Director on the Board, I am confident he will feel right at home as we tackle challenges and achieve the great opportunities ahead for the District.

Strategic Initiative Highlight – Objective 2.4 – Integrate and Standardize the Security System Approach for District-wide Facilities

The purpose of this initiative is to assess our current physical security posture across all District facilities, define the security standard we aim to achieve, and develop a plan to implement upgrades to meet that standard. We engaged a consultant to conduct a three-year phased assessment focusing on perimeter fencing, gates, intrusion points, signage, access control technologies (badging system), lighting, ladders, and video surveillance cameras. The assessment began in FY22 with Phase 1 and concluded in FY24 with Phase 3. In FY25, the consultant compiled all findings into a comprehensive report detailing short- and long-term projects to address issues identified in each area.

Based on the assessment results, in FY26, we will engage a contractor to begin upgrades at the Wylie Complex, and additional phases will address other facilities. In parallel, we are developing a scope of work to upgrade our access control and video surveillance systems with a centralized, modern solution that streamlines security processes across the District.

The final component of this initiative is to update our administrative directives related to security across all District facilities. We formed a working group including IT, Safety, Water Operations, Water Resources, Wastewater Operations, Solid Waste, and Maintenance to rewrite these directives into a single, unified directive covering all physical security and identification controls.

Once the new administrative directive is finalized and implemented, this strategic initiative will be complete.

Annual Comprehensive Financial Report

Along with a range of capital project items, the Board is also considering acceptance of the Annual Comprehensive Financial Report (ACFR). While the audit is accepted by a simple Board vote, developing the ACFR is a time-consuming process that requires significant staff hours in collaboration with our external auditors. It also reflects a consistent, diligent adherence to strict accounting principles and practices throughout the year.

I am extremely grateful for the dedication and hard work of the District's Accounting Department. They not only keep us in legal compliance, but they also ultimately allow the District to complete its critical mission.

Reappointment Letters

In March, we will begin the reappointment process for Directors whose terms end on May 31. Member cities will receive a letter informing them of the expiring term and the reappointment calendar. Similar to last year, we are including information on committee assignments and the number of meetings each Director has participated in over the past year. We want to highlight the expertise and amount of time each Director dedicates to the District on behalf of their city. For those whose terms are up, you will also receive a copy of the letter and packet sent to your city.

If you have any questions or concerns, please feel free to contact Brian Brooks (bbrooks@ntmwd.com).



2/26/2026

Consent Agenda Item No. 26C-3

January 2026 Regular Board Meeting Minutes

RECOMMENDATION

The Executive Director and NTMWD staff recommend the Board of Directors approve the minutes of the regular Board meeting held on Thursday, January 22, 2026, as presented.

Note: See the attached document for detailed information.



**NORTH TEXAS MUNICIPAL WATER DISTRICT
501 E. Brown Street • Wylie, Texas 75098
(972) 442-5405 – Phone**

**MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
JANUARY 22, 2026**

The North Texas Municipal Water District (NTMWD) Board of Directors met in a regular meeting on Thursday, January 22, 2026, at 2:30 p.m. Notice of the meeting was legally posted in accordance with Government Code, Title 551, Open Meetings.

I. CALL TO ORDER

President David Hollifield called the meeting to order at approximately 2:30 p.m.

President Hollifield advised the following regarding the meeting:

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

II. INVOCATION

Director Terry Sam Anderson offered the invocation.

III. PLEDGE OF ALLEGIANCE

President Hollifield led the Pledge of Allegiance.

IV. PLEDGE OF ALLEGIANCE TO THE TEXAS FLAG

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

V. ROLL CALL/ANNOUNCEMENT OF QUORUM

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

DIRECTOR	IN PERSON	REMOTE
Terry Sam ANDERSON	√	
Franklin BYRD	√	
Rick CROWLEY	√	
George CRUMP		√
Lori Barnett DODSON		√
Phil DYER	√	
Marvin FULLER		√
David HOLLIFIELD	√	
Chip IMRIE	√	
Blair JOHNSON		√
Ronald KELLEY	√	
Geralyn KEVER	√	
Alan McCUISTION	√	
Rick MANN		√
Jack MAY	√	
Don PASCHAL	√	
Richard PEASLEY	√	
George PUREFOY	√	
Randy ROLAND		
Keith STEPHENS	√	
Ray STEPHENS	√	
Jody SUTHERLAND	√	
Stephen TERRELL	√	
Larry THOMPSON	√	

The following NTMWD legal and professional consultants attended the meeting:

- Lauren Kalisek – Lloyd Gosselink Rochelle & Townsend

VI. OPENING REMARKS

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

President Hollifield reviewed the tentative meeting schedule for February as follows:

- Wednesday, February 11: Executive and Finance Committees
- Wednesday, February 25: Real Estate and Water Committees
- Thursday, February 26: Board Meeting

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

Executive Director Jenna Covington advised that the District has produced a video regarding the Lake Lavon Watershed that includes public education and outreach on keeping this drinking water source clean. The video was created through a grant. It was presented to the Directors.

Executive Director Covington stated that the recently created Employee Working Group met with the executive team to present its recommendations on how employees can collaborate to improve working conditions. The group is made up of nine (9) employees from across the organization. Additionally, Human Resources plans to conduct a follow-up survey regarding employee engagement.

Executive Director Covington announced that there will be a luncheon celebrating employees with 15 or more years of employment with the District. Additionally, there will be an awards ceremony announcing the Employee of The Year and Team of The Year at next month's Board meeting.

Executive Director Covington stated that with the forecasted winter storm, the District's personnel have been making last-minute preparations. She noted that this preparation began several months back in anticipation for severe weather.

VII. PUBLIC COMMENTS

Members, customers, and the public were invited to participate during the public comment period of the meeting. Before the start of the meeting, speakers completed and submitted a "Public Comment Registration Form." During this portion of the meeting, speakers were recognized by name and asked to provide their comments. The time limit was three (3) minutes per speaker, not to exceed a total of thirty (30) minutes for all speakers. Texas Open Meetings Act prohibited the Board Members from discussing items not listed in the agenda, however, they could respond with factual or policy information.

There were no requests for public comment.

VIII. DISCUSSION ITEMS**A. Internal Communications Plan Update**

Alex Johnson, Director of Communications, presented this item. He provided an overview of the District's first ever Internal Strategic Communications Plan. He reviewed Best Practices and the development process for creating the Plan. Results of the employee engagement survey were provided.

Mr. Johnson advised that Employee Focus Groups had participation by 140 employees, and through that participation, data regarding what works well and what could be improved were collected. Recommendations from the focus groups were provided. Information on communications strategies included Town Hall Meetings, Face-to-Face Outreach, Payday Connections Newsletter, Podcast (future) and upgraded NTMWD internet. Other methods of communication include email, digital monitors, and printed materials.

B. Sabine Creek Expansion Project Update

Cesar Baptista, Assistant General Manager, updated the Board on the Sabine Creek Wastewater Treatment Plant expansion. He reviewed that the plant currently operates at 3 million gallons per day (MGD) and the current expansion will enlarge it to 7 MGD. The plant serves the cities of Fate and Royse City and those cities are funding the project. He added that on today's agenda there is an item for a preliminary design to expand the plant further to 11 MGD. This is due to the growth in the area. Mr. Baptista reviewed that the plant was originally constructed in 2006 at 1.5 MGD, and it was expanded in 2019 to 3 MGD. The next expansion to 11 MGD needs to be completed by 2031.

Mr. advised that the original budget for the 7 MGD project was \$69,831,000. With two approved change orders the revised contract amount is \$70,889,672. He noted that one of the change orders was at the request of the owner to add a berm due to a development that will be nearby. He also stated that the plant is fully functional now, however the final completion will be in June 2026. Aerial photos of the construction progress were provided.

Director Crowley suggested that staff engage with officials in Fate and Royse City to determine if there is any interest in having Rockwall participate in this project. Director May inquired what the ultimate buildout for this plant is. Mr. Baptista responded it is 20 MGD. Director Peasley asked if this plant is unmanned. Mr. Baptista advised that it is not manned 24 hours a day as some are.

IX. EXECUTIVE SESSION

There were no scheduled Executive Session items.

X. RECONVENE INTO REGULAR SESSION

There were no scheduled Executive Session items.

XI. CONSENT AGENDA ITEMS

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

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

Upon a motion by Director Don Paschal to approve the Consent Agenda items and a second by Director Richard Peasley, the Board of Directors voted unanimously to approve the Consent Agenda items.

A. December 2025 Regular Board Meeting Minutes

The Executive Director and NTMWD staff recommend the Board of Directors approve the minutes of the regular Board meeting held on Thursday, December 18, 2025, as presented.

B. Modification of Capital Projects Request

Recommend the Board of Directors approve the January 2026 Modification of Capital Projects Request as presented.

XII. AGENDA ITEMS FOR INDIVIDUAL CONSIDERATION**GENERAL / ADMINISTRATIVE AGENDA ITEMS****A. Resolution No. 26-01 Commending Director Joe Farmer**

Adopt Resolution No. 26-01 commending Director Joe Farmer for this service as a member of the North Texas Municipal Water District Board of Directors.

Chair Hollifield read the resolution which recognized Joe Farmer for his service on the Board of Directors from 1998-2025.

Upon a motion by Director Marvin Fuller and a second by Director Don Paschal, the Board of Directors voted unanimously to approve Resolution No. 26-01 as presented.

Executive Director Covington stated that the Board of Directors had previously recognized Director Farmer at the December Board meeting. She advised that on February 24th, the City of Allen will also recognize him. The Allen City Council is also discussing a replacement for Mr. Farmer on the Board.

WATER AGENDA ITEMS**B. Apollo Pump Station Improvements; Project No. 101-0682-26; Engineering Services Agreement, Final Design**

Authorize funding in the amount of \$2,136,700 to Halff Associates, Inc. for an engineering services agreement for the final design of the Apollo Pump Station Improvements project.

Director Jack May advised that the Water Committee reviewed this item yesterday and voted to recommend that the Board authorize approval. The proposed improvements to the Apollo Pump Station are needed to address changes to system operations and also includes

replacement or rehabilitation of aging and deteriorated infrastructure.

Upon a motion by Director Jack May and a second by Director Larry Thompson, the Board of Directors voted unanimously to approve as presented.

C. Casa View Pump Station Improvements; Project No. 101-0677-26; Engineering Services Agreement, Final Engineering

Authorize funding in the amount of \$1,775,630 to Hazen and Sawyer for an engineering services agreement for the final design of the Casa View Pump Station Improvements project.

Director Jack May advised that the Water Committee reviewed this item yesterday and voted to recommend that the Board authorize approval. The proposed improvements replace aging and deteriorated infrastructure. This will improve the pump station's reliability and improve operational effectiveness.

Upon a motion by Director Jack May and a second by Director Ray Stephens, the Board of Directors voted unanimously to approve as presented.

D. McKinney Delivery Point No. 3 to McKinney Delivery Point No. 4 Pipeline; Project Number 101-0505-18; Change Order No. 4

Authorize funding in the amount of \$1,494,022.99 to Oscar Renda Contracting, Inc. for a construction change order to the McKinney Delivery Point No. 3 to McKinney Delivery Point No. 4 Pipeline project.

Director Jack May advised that the Water Committee reviewed this item yesterday and voted to recommend that the Board authorize approval. Change Order No. 4 authorizes additional storm water pollution prevention and erosion control measures required by the City of McKinney, includes additional tariff costs for certain piping materials, and adds infrastructure for a new delivery point to the North Collin Special Utility District. The North Collin Special Utility District will fund costs associated with the new delivery point.

Upon a motion by Director Jack May and a second by Director Terry Sam Anderson, the Board of Directors voted unanimously to approve.

WASTEWATER AGENDA ITEMS

E. Sabine Creek Wastewater Treatment Plant Expansion to 11 MGD, Project No. 308-0683-26; Engineering Services Agreement; Preliminary

Authorize funding in the amount of \$1,737,836 to Brown and Caldwell, Inc. for preliminary design of the Sabine Creek Wastewater Treatment Plant (WWTP) Expansion to 11 million gallons per day (MGD).

Director Phil Dyer stated that the Wastewater Committee discussed this item at the December committee meeting. This project will expand the treatment capacity to meet wastewater treatment needs for growing populations in Royce City and Fate service areas.

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

F. Sister Grove Regional Water Resource Recovery Facility; Project No. 301-0426-16; Engineering Program Management, and Inspection Additional Services

Authorize additional engineering services during construction in the amount of \$187,748 to CDM Smith, Inc., authorize additional program management and inspection services in the amount of \$462,173 to Freese and Nichols, Inc. for the Sister Grove Regional Water Resource Recovery Facility (RWRRF) project

Director Phil Dyer stated that the Wastewater Committee discussed this item at the December committee meeting. This action is for additional professional construction support services and construction management services through April 2026 when final completion of construction is expect to occur.

Upon a motion by Director Phil Dyer and a second by Director Jody Sutherland, the Board of Directors voted to approve.

G. Sister Grove Regional Water Resource Recovery Facility Expansion to 48 MGD; Project No. 301-0681-26; Engineering Services Agreement - Preliminary Engineering

Authorize funding in the amount of \$5,390,400 to Garver, LLC for an engineering services agreement for preliminary design of the Sister Grove Regional Water Resource Recovery Facility Expansion to 48 MGD project.

Director Phil Dyer advised that the Wastewater Committee discussed this item at the December committee meeting. This action will authorize preliminary design and associated special services to expand the Sister Grove Regional Water Resource Recovery Facility expansion to 48 MGD average daily flow and 192 MGD of peak flow capacity to meet growing wastewater flow capacity needs.

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

XIII. CLOSING ITEMS

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

There were no requests for potential future agenda items.

Director Paschal commented that some important information regarding a long-range water supply was discussed at this month's Water Committee meeting, and he encouraged those who can attend in the future to do so.

Director Crowley commended David Kelly for his recent presentation to the City of Rockwall.

Director Sutherland commended a staff member Joe Lynes for assisting him while he attended meetings virtually.

XIV. ADJOURNMENT

There being no further business, the meeting adjourned at approximately 3:36 p.m.

APPROVED:

DAVID HOLLIFIELD, President

ATTEST:

KEITH STEPHENS, Secretary

DRAFT



2/26/2026

Consent Agenda Item No. 26C-4

Modification of Capital Projects Request

RECOMMENDATION

Recommend the Board of Directors approve the February 2026 Modification of Capital Projects Request as presented.

Note: See the attached document for detailed information.

**NORTH TEXAS MUNICIPAL WATER DISTRICT
MODIFICATION OF CAPITAL PROJECTS REQUEST**

RECOMMENDATION

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

I. CONSTRUCTION CHANGE ORDERS ONLY

WATER SYSTEM

- a. Project No. 101-0445-16, Multiple Systems Maintenance Facilities Central Region, Phase II, Change Order No. 9

Description	Amount	Days
Original Contract Amount	\$18,547,777.00	570
Prior Change Order(s) Total	\$281,201.27	159
Proposed Change Order No. 9		
Office layout changes	\$128,649.97	112
Camera licenses	\$2,137.97	0
Proposed Change Order No. 9 Increase	\$130,787.94	112
Revised Contract Amounts	\$18,959,766.21	841

Original Completion Dates: Substantial – July 20, 2023; Final – September 18, 2023

Revised Completion Dates: Substantial – April 16, 2024; Final – June 15, 2024

This facility supports both water and wastewater departments. Funding in the amount of \$130,787.94 for Change Order No. 9 to Tegrity Contractors, Inc., is available in the following proportions:

\$104,630.35 is to be made available from the Regional Water System Capital Improvement Fund, \$19,618.19 is to be made available from the Regional Wastewater System Capital Improvement Fund and \$6,539.40 is to be made available from the Upper East Fork Interceptor System Capital Improvement Fund.

WASTEWATER SYSTEM

- a. Project No. 501-0473-17, Plano Spring Creek Lift Station No. 2 Improvements, Change Order No. 13

Description	Amount	Days
Original Contract Amount	\$8,329,000.00	600
Prior Change Order(s) Total	\$1,501,251.22	1,778
Proposed Change Order No. 13		
Access platform modifications	\$80,172.00	0

Rewind pump motor no. 3	\$24,078.00	0
Proposed Change Order No. 13 Increase	\$104,250.00	0
Revised Contract Amounts	\$9,934,501.22	2,378

Original Completion Dates: Substantial – June 28, 2021; Final – January 24, 2022

Revised Completion Dates: Substantial – May 11, 2026; Final – December 7, 2026

Funding in the amount of \$104,250.00 for Change Order No. 13 to Eagle Contracting, LLC, is available in the Upper East Fork Interceptor System Construction Funds

SOLID WASTE SYSTEM

- a. None.

II. AUTHORIZATION TO ISSUE CONSTRUCTION FINAL PAYMENT ONLY

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

WATER SYSTEM

- a. None.

WASTEWATER SYSTEM

- a. None.

SOLID WASTE SYSTEM

- a. None.

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

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

WATER SYSTEM

- a. Project No.101-0526-18, Wylie to Rockwall Pipeline Relocation Phase I

Description	Amount	Days
Original Contract Amount	\$9,095,000.00	365
Prior Change Order(s) Total	\$2,890,436.74	380
Proposed Change Order No. 2	\$(186,330.00)	
48-inch Butterfly Valve type A Manhole	\$(9,000.00)	0

Road Repair	\$(52,500.00)	0
Remove Existing 20-inch Pipeline	\$(111,600.00)	0
Grading and Restoration of removed 20-inch Pipeline	\$(2,480.00)	0
Removal of Appurtenances outside Proposed TxDOT Right-Of-Way	\$(2,500.00)	0
Access Driveways	\$(2,000.00)	0
Concrete Parking Lot Restoration	\$(6,250.00)	0
Proposed Change Order No. 2 Decrease	\$(186,330.00)	0
Final Contract Amounts	\$11,799,106.74	745

Original Completion Dates: Substantial – February 13, 2022; Final – March 15, 2022

Revised Completion Dates: Substantial – February 28, 2023; Final – March 30, 2023.

Funding in the amount of (\$186,330.00) for Change Order No. 2 to McKee Utility Contractors, LLC, will be credited back to the Regional Water System Construction Funds

- b. Project No. 101-0553-20 Apollo Pump Station 2020 Electrical and Mechanical Improvements

Description	Amount	Days
Original Contract Amount	\$3,837,000.00	637
Prior Change Order(s) Total	\$6,441.00	154
Proposed Change Order No. 2		
Pump motor heaters	\$892.00	15
Proposed Change Order No. 2 Increase	\$892.00	15
Final Contract Amounts	\$3,844,333.00	806

Original Completion Dates: Substantial – May 28, 2023; Final – June 27, 2023

Revised Completion Dates: Substantial – November 13, 2023; Final – December 13, 2023

Funding in the amount of \$892.00 for Change Order No. 2 to Crescent Constructors, Inc., is available in the Regional Water System Construction Funds

WASTEWATER SYSTEM

- a. None.

SOLID WASTE SYSTEM

- a. None.

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

WATER SYSTEM

- a. None

WASTEWATER SYSTEM

a. Project No.507-0640-24, Buffalo Creek Parallel Force Main

Description	Amount
Original ESA	\$1,545,800.00
Prior Additional Services	\$194,895.00
Proposed Additional Services	\$118,125.00
Purchase of mitigation credits	\$118,125.00
Revised ESA Amount	\$1,858,820.00

Funding in the amount of \$118,125.00 for Amendment No. 2 to Carollo Engineers, Inc., is available in the Buffalo Creek Interceptor System Construction Funds

SOLID WASTE SYSTEM

a. Project No.401-0529-19, 121 Regional Disposal Facility (121 RDF) Heavy Equipment Shop Addition

Description	Amount
Original ESA	\$431,100.00
Prior Additional Services	\$169,679.00
Proposed Additional Services	\$32,971.75
Additional services for construction changes	\$48,335.00
Cost shares due to design deficiencies (credit)	(\$15,363.25)
Revised ESA Amount	\$633,750.75

The cumulative amount requested exceeds 25% of the original contract value. NTMWD staff recommend approval of the additional services on this report in lieu of an individual Administrative Memorandum.

Funding in the amount of \$32,971.75 for Amendment No. 5 to Huitt-Zollars, Inc., is available in the Regional Solid Waste System Capital Improvement Fund



2/26/2026

Consent Agenda Item No. 26C-5

Upper East Fork Interceptor System

Princeton Lift Station Expansion - Pump Impeller Replacement; Project No. 501-0617-22; Award of Seller Services Agreement

SUBJECT

Authorize award of a seller services agreement in the amount of \$262,892 to FCX Performance Inc. dba Pierce Pump Company.

PURPOSE

The purpose of this project is to increase wastewater conveyance capacity at a lift station providing service to the City of Princeton.

RECOMMENDATION

The Executive Director and NTMWD staff recommend the Board of Directors authorize the award of a contract as follows:

Contractor:	FCX Performance Inc. dba Pierce Pump Company
Scope:	Seller Services Agreement
Project:	No. 501-617-22, Princeton Lift Station Expansion - Pump Impeller Replacement
Amount:	\$262,892
Committee:	This will be an update at the February 11, 2026, Executive Committee meeting

DRIVER(S) FOR THIS PROJECT

Strategic Objective:	1.2 Successfully Deliver Capital Program 1.4 Reliable and Resilient System
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☐ Regulatory Compliance	☐ Asset Condition
☒ Capacity	☐ Redundancy/Resiliency
☐ Relocation or External Requests	☐ Operational Efficiency
☐ Safety	☐ Administrative
☐ Policy	☐ Other _____

BACKGROUND**PROJECT PURPOSE**

- Due to continued growth at the City of Princeton, the capacity of the Princeton Lift Station No. 2 is being increased from 12 million gallons per day (MGD) to approximately 14.7 MGD by increasing the size of the pump impellers as recommended in the Princeton Conceptual Design Report, by AECOM Technical Services, Inc. (AECOM) dated February 2024.

PROJECT COMPONENTS

- Replace and upsize pump impellers.

TABULATION OF PROPOSALS

A proposal was received at 4:00 p.m. on Friday, December 19, 2025, as tabulated below:

Proposer	Total Cost	Recommendation
FCX Performance Inc. dba Pierce Pump Company	\$262,892	Recommended for Award
ENGINEER'S OPINION OF PROBABLE COST (OPCC)	\$230,000	

This is a sole-sourced procurement item. The consulting engineer, AECOM, reviewed the proposal from FCX Performance Inc., dba Pierce Pump Company (Pierce Pump Company), for completeness and cost comparison to the OPCC. Based on the submitted proposal and AECOM's previous experience with the Pierce Pump Company on other projects, it is AECOM's opinion that Pierce Pump Company is experienced and qualified to perform the work necessary to complete this project. Furthermore, Pierce Pump Company is the only local authorized supplier for the existing Vaughan Pumps and has a local maintenance shop to perform the work.

Based on the evaluated proposal and the information provided, the NTMWD staff and AECOM Technical Services, Inc. recommend award of the agreement to FCX Performance Inc., dba Pierce Pump Company.

FUNDING

Funding in the amount of \$262,892 to FCX Performance Inc., dba Pierce Pump Company, is available in the Upper East Fork Interceptor System Construction Funds.





2/26/2026

Administrative Memorandum No. 26-6230

Annual Comprehensive Financial Report

SUBJECT

Accept submission of the fiscal year 2025 Annual Comprehensive Financial Report (ACFR).

PURPOSE

The ACFR is submitted to the Board of Directors annually for review in support of both fiscal responsibility and transparency efforts.

RECOMMENDATION

The Executive Director and NTMWD staff recommend acceptance of the fiscal year 2025 ACFR.

Consultant: Crowe LLP

Committee: This was an item on the February 11, 2026, Finance Committee meeting agenda

DRIVER(S) FOR THIS PROJECT

Strategic Objective:	2.3 Rigorous Financial Management
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☐ Regulatory Compliance	☐ Asset Condition
☐ Capacity	☐ Redundancy/Resiliency
☐ Relocation or External Requests	☐ Operational Efficiency
☐ Safety	☒ Administrative
☐ Policy	☐ Other _____

BACKGROUND

- At the February 11, 2026, Finance Committee, the external audit team from Crowe LLP provided the Finance Committee with a review of the annual audit's deliverables, comments on the District's internal controls, and required audit communications.
- Crowe LLP provided an unmodified, or clean, audit opinion. There were no material weaknesses or significant deficiencies reported.

- The Finance Committee voted to recommend that the Board of Directors accept the fiscal year 2025 ACFR.
- The Board was provided with an electronic draft of the ACFR and Single Audit in the February 5, 2026, Finance Committee meeting packet
- The ACFR will be submitted to the Government Finance Officers Association for review and consideration for a Certificate of Achievement for Excellence in Financial Reporting.
- The District has received this certificate each year since 1990.

FUNDING

N/A



2/26/2026

Administrative Memorandum No. 26-6231

Regional Water System

Refunding Bonds for Extendable Commercial Paper Bonds; Resolution No. 26-02

SUBJECT

Adopt Resolution No. 26-02 requesting authorization to issue Refunding Bonds for the Regional Water System Extendable Commercial Paper Bonds.

PURPOSE

The ability for the District to issue bonds to refund the ECP Bonds replaces the need for bank liquidity to support the ECP program.

RECOMMENDATION

The Executive Director and NTMWD staff recommend the Board of Directors adopt Resolution No. 26-02, A *“Resolution authorizing the Issuance, Sale, and Delivery of North Texas Municipal Water District, Water System Revenue ECP Bonds, Pledging Revenues for the Payment of the Bonds, Approving an Official Statement, and Authorizing Other Instruments and Procedures Relating Thereto*”

Consultant:	N/A
Scope:	Fund Improvements to the Regional Water System
Project:	Multiple. Each Capital Improvement Plan Contract will be brought to the Board for consideration.
Amount:	Not to exceed \$700,000,000. Actual amount to be determined at date of pricing
Committee:	This was an item on the February 11, 2026, Finance Committee Meeting agenda

DRIVER(S) FOR THIS PROJECT

Strategic Objective:	2.3 Rigorous Financial Management
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- | | |
|--|--|
| ☐ Regulatory Compliance | ☐ Asset Condition |
| ☐ Capacity | ☐ Redundancy/Resiliency |
| ☐ Relocation or External Requests | ☐ Operational Efficiency |
| ☐ Safety | ☒ Administrative |
| ☐ Policy | ☐ Other _____ |

BACKGROUND

- The Finance Committee met on February 11, 2026, to review the ECP Program.
- On March 23, 2023, the Board of Directors approved a limit of \$700,000,000 for the Regional Water System ECP Program.
- The bonds to refund the ECP will not be sold unless necessary. The interest rate will be determined at the time of issuance.
- The actual amount of the bond sale will be determined on the date of pricing.
- NTMWD bond counsel, McCall, Parkhurst, and Horton, LLP, has prepared the attached Resolution.
- Representatives from McCall, Parkhurst & Horton, LLP, as well as Hilltop Securities, Inc., will be available at the Board meeting to review the documents and financing procedures.

FUNDING

N/A

RESOLUTION NO. 26-02

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

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

§
§
§

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

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

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

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

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

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

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

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

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

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

Section 3. INITIAL DATE, DENOMINATION, NUMBER, MATURITIES, INITIAL REGISTERED OWNER, AND CHARACTERISTICS OF THE INITIAL BOND.

(a) As authorized by Chapters 1207, and 1371, Texas Government Code, as amended, the President of the Board of Directors, the Executive Director, and the Assistant General Manager - 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 March 1, 2027, in selling and delivering the Bonds, determining which of the Refundable Bonds shall be refunded and constitute "Refunded Bonds" in this Resolution and carrying out the other procedures specified in this Resolution, including the use of a book-entry only system with respect to the Bonds and the execution of an appropriate letter of representations if deemed appropriate, the determining and fixing of the date and the date of delivery of the Bonds, any additional or different designation or title by which the Bond shall be known (including, if the Bonds are issued on a taxable basis, inclusion of an appropriate designation as such), the price at which the Bonds will be sold (but in no event less than 95% of the principal amount of the Bonds), the principal amount (not exceeding \$700,000,000) of the Bonds in one or more series, the amount of each maturity of principal thereof, the due date of each such maturity (not exceeding thirty years from the date of the Bonds), the rate of interest, to be borne by each such maturity (but in no event to result in the net effective interest rate on the Bonds exceeding 10% per annum), the initial interest payment date, the date or dates of any optional redemption thereof, any mandatory sinking fund redemption provisions, and approving modifications to this Resolution and executing such instruments, documents and agreements as may be necessary with respect thereto, and all other matters relating to the issuance, sale and delivery of the Bonds and the refunding of the Refunded Bonds. The Issuer acknowledges that the refunding accomplished through the issuance of the Bonds is undertaken for debt

restructuring purposes. The Issuer further acknowledges that the authority delegated to the Authorized Officer pursuant to this Section 3 shall be effective from March 1, 2026 through March 1, 2027.

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

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

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

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

FORM OF INITIAL BOND

NO. TR-1 \$ _____ *

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

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

of _____ * in annual installments of principal due and payable on _____ in each of the years, and in the respective principal

	Principal		Principal
<u>Year*</u>	<u>Amount*</u>	<u>Year*</u>	<u>Amount*</u>

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

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

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

Redemption Fund" created by the Bond Resolution, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on this Bond, when due.

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

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

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

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

Principal Installment due on _____, _____

Years

Amounts

* From Approval Certificate.

** From Approval Certificate, if applicable

Principal Installment due on _____, _____

Years

Amounts

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

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

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

Agent/Registrar may be used to evidence the assignment of this Bond or any such portion or portions hereof by the initial registered owner hereof. A new bond or bonds payable to such assignee or assignees (which then will be the new registered owner or owners of such new Bond or Bonds) or to the initial registered owner as to any portion of this Bond which is not being assigned and transferred by the initial registered owner, shall be delivered by the Paying Agent/Registrar in conversion of and exchange for this Bond or any portion or portions hereof, but solely in the form and manner as provided in the next paragraph hereof for the conversion and exchange of this Bond or any portion hereof. The registered owner of this Bond shall be deemed and treated by the Issuer and the Paying Agent/Registrar as the absolute owner hereof for all purposes, including payment and discharge of liability upon this Bond to the extent of such payment, and the Issuer and the Paying Agent/Registrar shall not be affected by any notice to the contrary.

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

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

IT IS HEREBY certified, recited, and covenanted that this Bond has been duly and validly authorized, issued, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this Bond have been performed, existed, and been done in accordance with law; that this Bond is a special obligation of the Issuer which, together with other outstanding bonds of the Issuer, and the interest thereon, are secured by and payable equally and ratably on a parity from a first lien on and pledge of the "Pledged Revenues" as defined in the Bond Resolution, which include the "Net Revenues of the District's Water System", as defined in the Bond Resolution, including specifically revenues derived pursuant to existing water supply contracts between the Issuer and the Cities of Allen, Farmersville, Forney, Frisco, Garland, McKinney, Mesquite, Plano, Princeton, Richardson, Rockwall, Royse City, and Wylie, Texas, which cities are currently the Member Cities constituting the territory and boundaries of the Issuer, water supply contracts relating to the District's Water System with any other cities which hereafter may become Member Cities, and water supply contracts with other cities and customers in connection with the District's Water System.

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

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

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

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

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

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

An authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Bond, date and manually sign the Paying Agent/Registrar's Authentication Certificate, and no such Bond shall be deemed to be issued or outstanding unless such Certificate is so

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

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

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

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

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

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

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

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

of business on the Record Date, the word "Cede & Co." in this Resolution shall refer to such new nominee of DTC.

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

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

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

FORM OF SUBSTITUTE BOND

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

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

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

nominee of DTC, or by a nominee of DTC to DTC or a nominee of DTC, or by DTC or a nominee of DTC to any successor securities depository or any nominee thereof.]

NO. _____

PRINCIPAL AMOUNT
\$ _____

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

INTEREST <u>RATE</u> %	MATURITY <u>DATE</u>	<u>ISSUE DATE</u> _____, **, ____	CUSIP <u>NO.</u>
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ON THE MATURITY DATE specified above NORTH TEXAS MUNICIPAL WATER DISTRICT (the "Issuer"), being a political subdivision of the State of Texas, hereby promises to pay to CEDE & CO. or to the registered assignee hereof (either being hereinafter called the "registered owner") the principal amount of _____ DOLLARS and to pay interest thereon, calculated on the basis of a 360-day year composed of twelve 30-day months, from the Issue Date specified above, to the Maturity Date specified above, or the date of redemption prior to maturity, at the interest rate per annum specified above; with interest being payable semiannually on each _____ ***, and _____ ***, commencing _____ ***, except that if the date of authentication of this Bond is later than the first Record Date (hereinafter defined), such principal amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date (hereinafter defined) but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date.

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

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

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

*** From Approval Certificate.

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

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

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

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

* From Approval Certificate.

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

Term Bonds maturing on _____, _____

Years

Amounts

Term Bonds maturing on _____, _____

Years

Amounts

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

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

* From Approval Certificate, if applicable.

bearing such interest rate shall be selected in accordance with the arrangements between the Issuer and the securities depository.

AT LEAST 30 days prior to the date fixed for any redemption of Bonds or portions thereof prior to maturity at the option of the Issuer, a written notice of such redemption shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, to the registered owner appearing on the Registration Books at the close of business on the day next preceding the date of mailing of such notice; provided, however, that any notice so mailed shall be conclusively presumed to have been duly given and the failure to receive such notice, or any defect therein shall not affect the validity or effectiveness of the proceedings for the redemption of any Bond at the option of the Issuer. By the date fixed for any such redemption due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for the Bonds or portions thereof which are to be so redeemed, plus accrued interest thereon to the date fixed for redemption. If such written notice of redemption is mailed and if due provision for such payment is made, all as provided above, the Bonds or portions thereof which are to be so redeemed thereby automatically shall be treated as redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the registered owner to receive the redemption price plus accrued interest from the Paying Agent/Registrar out of the funds provided for such payment. If a portion of any Bond shall be redeemed a substitute Bond or Bonds having the same maturity date, bearing interest at the same rate, in any denomination or denominations in any integral multiple of \$5,000, at the written request of the registered owner, and in aggregate principal amount equal to the unredeemed portion thereof, will be issued to the registered owner upon the surrender thereof for cancellation, at the expense of the Issuer, all as provided in the Bond Resolution.

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

business on the next following principal or interest payment date, or, (ii) with respect to any Bond or any portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date. The registered owner of this Bond shall be deemed and treated by the Issuer and the Paying Agent/Registrar as the absolute owner hereof for all purposes, including payment and discharge of liability upon this Bond to the extent of such payment, and the Issuer and the Paying Agent/Registrar shall not be affected by any notice to the contrary.

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

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

IT IS HEREBY certified, recited, and covenanted that this Bond has been duly and validly authorized, issued, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this Bond have been performed, existed, and been done in accordance with law; that this Bond is a special obligation of the Issuer which, together with other outstanding bonds of the Issuer, and the interest thereon, are secured by and payable equally and ratably on a parity from a first lien on and pledge of the "Pledged Revenues" as defined in the Bond Resolution, which include the "Net Revenues of the District's Water System", as defined in the Bond Resolution, including specifically revenues derived pursuant to existing water supply contracts between the Issuer and the Cities of Allen, Farmersville, Forney, Frisco, Garland, McKinney, Mesquite, Plano, Princeton, Richardson, Rockwall, Royse City, and Wylie, Texas, which cities are currently the Member Cities constituting the territory and boundaries of the Issuer, water supply contracts relating to the District's Water System with any other cities which hereafter may become

Member Cities, and water supply contracts with other cities and customers in connection with the District's Water System.

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

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

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

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

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

XXXXXXXX
Secretary, Board of Directors

XXXXXXXX
President, Board of Directors

(DISTRICT SEAL)

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

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

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

Dated

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

By _____
Authorized Representative

FORM OF ASSIGNMENT

ASSIGNMENT

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

Please Insert Social Security or
Other Identifying Number of Assignee

/ _____ /

(Name and Address of Assignee)

the within Bond and does hereby irrevocably constitute and appoint
_____ to transfer said Bond on the books kept for registration thereof
with full power of substitution in the premises.

Date: _____

Signature Guaranteed: _____

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

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

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

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

The term "Board" shall mean the Board of Directors of the Issuer, being the governing body of the Issuer, and it is further resolved that the declarations and covenants of the Issuer

contained in this Resolution are made by, and for and on behalf of the Board and the Issuer, and are binding upon the Board and the Issuer for all purposes.

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

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

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

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

The terms "District's System" and "System" shall mean all of the Issuer's existing water storage, treatment, transportation, distribution, and supply facilities, and other properties, which heretofore have been acquired or constructed with the proceeds from the sale of all bonds or other obligations ever issued by the Issuer which have been payable from or secured by a lien on or pledge of any part of the "Net Revenues of the System," or with revenues from said System, together with all future improvements, enlargements, extensions, and additions to any of the foregoing, and all future new facilities, which are acquired or constructed with the proceeds from the sale of the Parity Bonds and any Additional Bonds or money from the Contingency Fund (hereinafter described) or any water supply facilities which are deliberately and specifically, at the option of the Board, made a part of the System by resolution of the Board, and all repairs to and replacements of the System. Said terms do not include any Issuer facilities which provide waste treatment or disposal or other wastewater services of any kind. Said terms do not include any facilities acquired or constructed by the Issuer with any proceeds from the issuance of

"Special Facilities Bonds," which are hereby defined as being revenue obligations of the Issuer which are not issued as Additional Bonds, and which are payable from any source, contract or revenues whatsoever other than the Pledged Revenues; and Special Facilities Bonds may be issued for any lawful purposes and made payable from any source, contract, or revenues whatsoever other than the Pledged Revenues.

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

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

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

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

The term "Parity Bonds" shall mean, collectively, (i) the Bonds, (ii) the North Texas Municipal Water District Water System Revenue Refunding and Improvement Bonds, Series 2015 (the "Series 2015 Bonds"), dated as of April 15, 2015, authorized by a resolution of the Board on April 23, 2015 (the "Series 2015 Bond Resolution"), (iii) the North Texas Municipal Water District Water System Revenue Refunding and Improvement Bonds, Series 2016 (the "Series 2016 Bonds"), dated as of October 15, 2016, authorized by a resolution of the Board on October 27, 2016 (the "Series 2016 Bond Resolution"), (iv) the North Texas Municipal Water District Water System Revenue Bonds, Series 2017 (the "Series 2017 Bonds"), authorized by a resolution of the Board on June 22, 2017 (the "Series 2017 Bond Resolution"), (v) the North

Texas Municipal Water District Water System Revenue Bonds, Series 2018 (the "Series 2018 Bonds"), authorized by a resolution of the Board on June 22, 2017 (the "Series 2018 Bond Resolution"), (vi) the North Texas Municipal Water District Water System Revenue Bonds, Series 2018A (the "Series 2018A Bonds"), authorized by a resolution of the Board on March 22, 2018 (the "Series 2018 Bond Resolution"), (vii) the North Texas Municipal Water District Water System Revenue Bonds, Series 2019 (the "Series 2019 Bonds"), authorized by a resolution of the Board on March 28, 2019 (the "Series 2019 Bond Resolution"), (viii) the North Texas Municipal Water District Water System Revenue Refunding Bonds, Series 2019 (the "Series 2019 Refunding Bonds"), authorized by a resolution of the Board on March 28, 2019 (the "Series 2019 Refunding Resolution"), (ix) the North Texas Municipal Water District Water System Revenue Bonds, Series 2019A (the "Series 2019A Bonds"), authorized by a resolution of the Board on March 28, 2019 (the "Series 2019A Bond Resolution"), (x) the North Texas Municipal Water District Water System Revenue Refunding Bonds, Series 2020 (the "Series 2020 Bonds"), authorized by a resolution of the Board on March 26, 2020 (the Series 2020 Bond Resolution"), (xi) the North Texas Municipal Water District Water System Revenue Refunding and Improvement Bonds, Series 2021 (the "Series 2021 Bonds"), authorized by a resolution of the Board on June 24, 2021 (the "Series 2021 Bond Resolution"), (xii) the North Texas Municipal Water District Water System Revenue Refunding Bonds, Series 2021A (the "Series 2021A Bonds"), authorized by a resolution of the Board on August 26, 2021 (the "Series 2021A Bond Resolution"), (xiii) the North Texas Municipal Water District Water System Revenue Bonds, Series 2023 (the "Series 2023 Bonds"), authorized by a resolution of the Board on October 26, 2023 (the "Series 2023 Bond Resolution"), (xiv) the North Texas Municipal Water District Water System Revenue Refunding and Improvement Bonds, Series 2025 (the "Series 2025 Bonds"), authorized by a resolution of the Board on June 26, 2025 (the "Series 2025 Bond Resolution"), (xv) the North Texas Municipal Water District Water System Revenue Bonds, Series 2025A (the "Series 2025A Bonds"), authorized by a resolution of the Board on October 23, 2025 (the "Series 2025A Bond Resolution"), and (xvi) the North Texas Municipal Water District Water System Revenue Bonds, Series 2025B (the "Series 2025B Bonds"), authorized by a resolution of the Board on October 23, 2025 (the "Series 2025B Bond Resolution").

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

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

Section 9. PLEDGE. (a) The Bonds authorized by this Resolution are hereby designated as, and shall be, "Additional Bonds" as permitted by Sections 22 and 23, respectively, of the Series 2015 Bond Resolution, the Series 2016 Bond Resolution, the Series 2017 Bond Resolution, the Series 2018 Bond Resolution, the Series 2018A Bond Resolution, the Series 2019 Bond Resolution, the Series 2019A Bond Resolution, the Series 2019 Refunding Bond

Resolution, the Series 2020 Bond Resolution, the Series 2021 Bond Resolution, the Series 2021A Bond Resolution, the Series 2023 Bond Resolution, the Series 2025 Bond Resolution, the Series 2025A Bond Resolution, and the Series 2025B Bond Resolution, and it is hereby determined, declared, and resolved that all of the Parity Bonds, including the Bonds authorized by this Resolution, are and shall be secured and payable equally and ratably on a parity, and that Sections 8 through 20 and 22 through 26 of this Resolution substantially restate and are supplemental to and cumulative of the applicable and pertinent provisions of the resolutions authorizing the issuance of the previously issued Parity Bonds, respectively, with Sections 8 through 20 and 22 through 26 of this Resolution being equally applicable to all of the Parity Bonds.

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

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

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

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

Section 13. CONTINGENCY FUND. There has been created and established, and there shall be maintained at The Bank of New York Mellon Trust Company, National Association, or at the option of the Issuer at any time hereafter, established and maintained at any national bank having a capital and surplus in excess of \$25,000,000, a separate fund to be entitled the "North Texas Municipal Water District Water System Revenue Refunding Bonds Contingency Fund" (hereinafter called the "Contingency Fund"). The Contingency Fund shall be used solely for the purpose of paying the costs of improvements, enlargements, extensions, or additions to the System, and unexpected or extraordinary repairs or replacements of the System for which System funds are not otherwise available, or for paying unexpected or extraordinary Operation and Maintenance Expenses of the System for which System funds are not otherwise available, or for paying principal of and interest on any Parity Bonds or Additional Bonds, when and to the extent the amount in the Interest and Redemption Fund is insufficient for such purpose

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

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

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

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

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

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

(2) such amounts, deposited in approximately equal monthly installments on or before the 25th day of each month hereafter as will be sufficient, together with other amounts, if any, then on hand in the Interest and Redemption Fund and available for such purpose, to pay the principal scheduled to mature and come due, and/or mandatorily required to be redeemed prior to maturity, on all of the Parity Bonds on the next succeeding principal payment date.

Section 17. RESERVE REQUIREMENTS. The Issuer is required to accumulate and maintain in the Reserve Fund an aggregate amount of money and/or investments equal in market value to the average annual principal and interest requirements on all outstanding Parity Bonds (the "Reserve Required Amount"). Immediately after the delivery of the Initial Bond, the District shall deposit to the credit of the Reserve Fund, from the proceeds from the sale and delivery of the Initial Bond, an amount of money, if any, which will cause the Reserve Fund to contain, together with the other money and/or investments then on hand therein, an amount of money and/or investments equal in market value to the Reserve Required Amount. No deposits shall be made into the Reserve Fund as long as the money and investments in the Reserve Fund are at least equal in market value to the Reserve Required Amount; but if and whenever the market value of money and investments in the Reserve Fund is reduced below said Reserve Required Amount because of a decrease in market value of investments, then the Issuer shall require the Member Cities to increase their payments under their respective Contracts as soon as practicable, and in any event within one year, in an amount sufficient to restore the amount of such decrease; and in the event the Reserve Fund is used pay the principal of or interest on the Bonds because of insufficient amounts being available in the Interest and Redemption Fund, then the Issuer shall require the Member Cities to increase their payments under their respective Contracts as soon as practicable, and in any event within one year, in an amount sufficient to restore the Reserve Fund to the Reserve Required Amount, and the Issuer shall deposit, in the Reserve Fund, in approximately equal periodic payments, not less than annual, such amounts as are required to cause the Reserve Fund to contain the Reserve Required Amount within five years from any date of the use of the Reserve Fund to pay such principal or interest. So long as the Reserve Fund contains the Reserve Required Amount, all amounts in excess thereof shall be deposited to the credit of the Interest and Redemption Fund on or before September 1 of each year.

Section 18. CONTINGENCY REQUIREMENTS. There is now on hand in the Contingency Fund an amount of money and/or investments at least equal in market value to \$500,000. No additional deposits are required to be made to the credit of the Contingency Fund unless and until such amount therein is reduced or depleted. If and when such amount in the Contingency Fund is reduced or depleted then, subject and subordinate to making the required

deposits to the credit of the Interest and Redemption Fund and the Reserve Fund, such reduction or depletion shall be restored from amounts which shall be provided for such purpose in the Issuer's Annual Budget for the next ensuing fiscal year or years; provided that the Issuer is not required to budget more than \$200,000 for such purpose during any one fiscal year. So long as the Contingency Fund contains money and investments not less than the amount of \$500,000 in market value, any surplus in the Contingency Fund over said amount may be withdrawn and used for any lawful purpose.

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

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

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

Section 21. FINAL DEPOSITS; GOVERNMENTAL OBLIGATIONS. (a) Any Bond shall be deemed to be paid, retired, and no longer outstanding, when payment of the principal of, redemption premium, if any, on such Bond, plus interest thereon to the due date thereof (whether such date be by reason of maturity, upon redemption, or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof (including the giving of any required notice of redemption), or (ii) shall have been provided by irrevocably depositing with a paying agent therefor, (1) money sufficient to make such payment or (2) Government Obligations, as hereinafter defined in this Section, certified by an independent public accounting firm of national reputation to mature as to principal and interest in such amounts and at such

times as will insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation, and expenses of such paying agent pertaining to the Bonds with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of such paying agent. At such time as a Bond shall be deemed to be paid hereunder, as aforesaid, it shall no longer be secured by or entitled to the benefits of any Bond Resolution or a lien on and pledge of the Pledged Revenues, and shall be entitled to payment solely from such money or Government Obligations.

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

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

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

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

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

Section 22. ADDITIONAL BONDS. (a) The Issuer shall have the right and power at any time and from time to time, and in one or more Series or issues, to authorize, issue, and deliver additional parity revenue bonds (herein called "Additional Bonds"), in accordance with

law, in any amounts, for any lawful purpose relating to the System, including the refunding of any Parity Bonds or Additional Bonds. Such Additional Bonds, if and when authorized, issued, and delivered in accordance with this Resolution, shall be secured by and made payable equally and ratably on a parity with the Parity Bonds, and all other outstanding Additional Bonds, from a first lien on and pledge of the Pledged Revenues.

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

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

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

Section 23. FURTHER REQUIREMENTS FOR ADDITIONAL BONDS. Additional Bonds shall be issued only in accordance with this Resolution, but notwithstanding any provisions of this Resolution to the contrary, no installment, Series, or issue of Additional Bonds shall be issued or delivered unless the President and the Secretary of the Board sign a written certificate to the effect that the Issuer is not in default as to any covenant, condition, or obligation in connection with all outstanding Parity Bonds and Additional Bonds, and the Resolutions authorizing same, and that the Interest and Redemption Fund and the Reserve Fund each contains the amount then required to be therein, and either (a) an independent registered professional engineer of the State of Texas or a firm of such engineers executes a certificate or report to the effect that in his or its opinion the Pledged Revenues in each complete fiscal year

thereafter will be at least equal to 1.25 times the average annual principal and interest requirements of all Parity Bonds and Additional Bonds to be outstanding after the delivery of the then proposed Additional Bonds, or (b) in the alternative to (a), above, the President and Secretary of the Board sign a written certificate to the effect that, based upon an opinion of legal counsel to the Issuer, there are Contracts then in effect pursuant to which the Member Cities and others which are parties to such Contracts are obligated to make minimum payments to the Issuer at such times (including during periods when water is not available to such member Cities and others) and in such amounts as shall be necessary to provide to the Issuer Net Revenues of the System sufficient to pay when due all principal of and interest on all Parity Bonds and Additional Bonds to be outstanding after the issuance of the proposed Additional Bonds, and to make the deposits into the Reserve Fund as required under this Resolution.

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

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

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

(c) TITLE. It has or will obtain lawful title to, or the lawful right to use and operate, the lands, buildings, and facilities constituting the System, that it warrants that it will defend, the title to or lawful right to use and operate, all the aforesaid lands, buildings, and facilities, and every part thereof, for the benefit of the holders and owners of the Bonds against the claims and

demands of all persons whomsoever, that it is lawfully qualified to pledge the Pledged Revenues to the payment of the Parity Bonds and Additional Bonds in the manner prescribed herein, and has lawfully exercised such rights.

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

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

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

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

(h) INSURANCE. (1) It will cause to be insured such parts of the System as would usually be insured by corporations operating like properties, with a responsible insurance company or companies, against risks, accidents, or casualties against which and to the extent insurance is usually carried by corporations operating like properties, including fire and extended

coverage insurance. Public liability and property damage insurance shall also be carried unless the general counsel for Issuer, or the Attorney General of Texas, gives a written opinion to the effect that the Issuer, the Board, and its officers and employees, are not liable for claims which would be protected by such insurance. At any time while any contractor engaged in construction work shall be fully responsible therefor, the Issuer shall not be required to carry insurance on the works being constructed, but the contractor shall be required to carry appropriate insurance. All such policies shall be open to the inspection of the owners of the Parity Bonds and Additional Bonds and their representatives at all reasonable times.

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

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

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

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

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

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

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

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

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

(m) CONTRACTS. It will comply with the terms and conditions of the Contracts, and any amendments thereto, and will cause the Member Cities and other cities and customers to comply with all of their obligations thereunder by all lawful means; provided that the Contracts will not be rescinded, modified, or amended in any way which would materially affect adversely the operation of the System or the rights of the owners of the Parity Bonds and Additional Bonds; provided further that, without violating this Section 24(m), the Contracts may be modified or amended to change the allocation of the Annual Requirement (as defined in the Contracts) among the Member Cities by changing the basis for determination of each Member City's minimum amount of each Annual Requirement.

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

Section 25. DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED BONDS. (a) Replacement Bonds. In the event any outstanding Bond is damaged, mutilated, lost, stolen, or destroyed, the Paying Agent/Registrar shall cause to be printed, executed, and delivered, a new bond of the same principal amount, maturity, and interest rate, as the damaged, mutilated, lost, stolen, or destroyed Bond, in replacement for such Bond in the manner hereinafter provided.

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

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

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

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

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

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

Section 27. COVENANTS REGARDING TAX EXEMPTION. The provisions of this Section 27 shall apply to the Bonds only if the Bonds are issued as tax-exempt obligations as designated in the Approval Certificate. (a) Covenants. The Issuer covenants to refrain from any action which would adversely affect, or to take such action to assure, the treatment of the Bonds as obligations described in section 103 of the Code, the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation. In furtherance thereof, the Issuer covenants as follows:

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

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

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

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

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

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

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

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

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

(7) to otherwise restrict the use of the proceeds of the Bonds or amounts treated as proceeds of the Bonds, as may be necessary, so that the Bonds do not otherwise contravene the requirements of section 148 of the Code (relating to arbitrage);

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

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

(b) Rebate Fund. In order to facilitate compliance with the above covenant (a)(9), a "Rebate Fund" is hereby established by the Issuer for the sole benefit of the United States of America, and such Fund shall not be subject to the claim of any other person, including without limitation the Bondholders. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

(c) Compliance with Code. For purposes of the foregoing covenants, the Issuer understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations and, in the case of refunding Bonds, transferred proceeds (if any) and proceeds of the refunded Bonds expended prior to the date of issuance of the refunding Bonds. It is the understanding of the Issuer that the covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto. In the event that regulations or rulings are hereafter promulgated that modify or expand provisions of the Code, as applicable to the Bonds, the Issuer will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of nationally recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on the under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated that impose additional requirements applicable to the Bonds, the Issuer agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally recognized bond counsel, to preserve the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In furtherance of such intention, the Issuer hereby authorizes and directs the President of the Board of Directors, the Executive Director, and the Assistant General Manager - 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 Bonds.

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

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

Section 29. DISPOSITION OF PROJECT. If the Bonds are issued on a tax-exempt basis, the Issuer covenants that the property constituting the Project refinanced by the Bonds will not

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

Section 30. CONTINUING DISCLOSURE UNDERTAKING.

(a) Annual Reports.

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

The Issuer shall provide annually to the MSRB, (1) within six months after the end of each fiscal year ending in or after 2026, financial information and operating data of the general type included in the final Official Statement authorized by Section 32 of this Resolution, (i) with respect to the Issuer, in tables numbered 1 through 5, (2) when and if available, audited financial statements of the Issuer. Any financial statements so to be provided shall be prepared in accordance with generally accepted accounting principles or such other accounting principles as the Issuer may be required to employ from time to time pursuant to state law or regulation. If the audit of such financial statements of the Issuer is not complete within 12 months after the respective fiscal year end, then the Issuer shall provide unaudited financial statements within such 12-month period and audited financial statements when and if the audit report on such statements become available.

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

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

(b) Event Notices.

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

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. If the Bonds are issued as tax-exempt obligations, adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
7. Modifications to the rights of security holders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution or sale of property securing repayment of the securities, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Issuer or a Significant Obligated Person;
13. The consummation of a merger, consolidation, or acquisition involving the Issuer or a Significant Obligated Person or the sale of all or substantially all of the assets of the Issuer or a Significant Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

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

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

For these purposes, any event described in the immediately preceding paragraph (12) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Issuer in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers of the Issuer in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer, and "Financial Obligation" for purposes of paragraph 15 and 16, shall have the meaning ascribed to it below.

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

(c) Limitations, Disclaimers, and Amendments.

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

The provisions of this Section are for the sole benefit of the Holders and beneficial owners of the Bonds, and nothing in this Section, express or implied, shall give any benefit or

any legal or equitable right, remedy, or claim hereunder to any other person. The Issuer undertakes to provide or cause to be provided only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section and does not hereby undertake to provide or cause to be provided any other information that may be relevant or material to a complete presentation of the Issuer's financial results, condition or prospects or hereby undertake to update any information provided in accordance with this Section or otherwise, except as expressly provided herein. The Issuer does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

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

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

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

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

data so provided. The Issuer may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds.

(d) Definitions.

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

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

"MSRB" means the Municipal Securities Rulemaking Board.

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

"SEC" means the United States Securities and Exchange Commission and any successor to its duties.

"Significant Obligated Person" means, at any point in time, any Member City or other party contracting with the Issuer, in either case whose payments to the Issuer for the use of or service from the System in the calendar year preceding any such determination exceeded 10% of the Gross Revenues of the System.

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

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

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

(b) Concurrently with the delivery of the Bonds, the Issuer shall cause to be deposited an amount from the proceeds from the sale of the Bonds, together with, to the extent necessary, available funds of the Issuer, with the paying agent/registrar for the Refunded Bonds, sufficient to provide for the refunding and redemption, on the date or dates fixed for redemption, of all of the Refunded Bonds, in accordance with Subchapter C of Chapter 1207, Texas Government Code, as amended. The President of the Board of Directors of the Issuer and the Vice President/Secretary of the Board of Directors of the Issuer are hereby authorized, for and on behalf of the Issuer, to execute a Deposit Agreement in substantially the form set forth in Exhibit C hereto to accomplish such purpose. In addition, the Authorized Officer is authorized to transfer and deposit such cash from available funds (including surplus funds in the Interest and Redemption Fund and/or the Reserve Fund), as may be necessary for the Payment Account described in such Deposit Agreement. It is hereby found and determined that the refunding of the Refunded Bonds, which consist of bonds in an extendable commercial paper mode, makes it impracticable to determine the maximum amount by which the aggregate amount of payments to be made under the Bonds exceeds the aggregate amount of payments that would have been made under the terms of the Refunded Bonds for purposes of Section 1207.008(a)(2), Texas Government Code.

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

Section 35. FURTHER PROCEDURES. The President and the Secretary of the Board of Directors and the Executive Director, and the Assistant General Manager - 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 Bond shall cease to be such officer before the delivery of such Bond, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

Section 36. REPEAL OF CONFLICTING RESOLUTIONS. All resolutions and all parts of any resolutions which are in conflict or inconsistent with this Resolution are hereby repealed and shall be of no further force or effect to the extent of such conflict or inconsistency.

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

Section 38. EFFECTIVENESS. This Resolution shall be effective as of March 1, 2026; provided, however, if the Bonds authorized by this Resolution are not issued prior to March 1, 2027, this Resolution shall be void ab initio and shall be of no force and effect.

EXHIBIT "A"

WRITTEN PROCEDURES RELATING TO CONTINUING COMPLIANCE WITH FEDERAL TAX COVENANTS

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

period ending three (3) years after the complete extinguishment of the Obligations. If any portion of the Obligations is refunded with the proceeds of another series of tax-exempt obligations, such records shall be maintained until the three (3) years after the refunding obligations are completely extinguished. Such records can be maintained in paper or electronic format.

- D. Responsible Persons. Each Responsible Person shall receive appropriate training regarding the Issuer's accounting system, contract intake system, facilities management and other systems necessary to track the investment and expenditure of the proceeds and the use of the facilities financed with the proceeds of the Obligations. The foregoing notwithstanding, the Responsible Persons are authorized and instructed to retain such experienced advisors and agents as may be necessary to carry out the purposes of these instructions.

EXHIBIT B
DESCRIPTION OF ANNUAL FINANCIAL INFORMATION

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

I. Annual Financial Statements and Operating Data of the Issuer

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

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

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

EXHIBIT "C"

FORM OF DEPOSIT AGREEMENT

DEPOSIT AGREEMENT

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

WITNESSETH:

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

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

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

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

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

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

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

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

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

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

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

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

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

SECTION 7. The Bank shall have no lien whatsoever upon any of the moneys deposited to the credit of the Payment Account for payment of services rendered hereunder, services

rendered as Paying Agent for the Refunded Obligations, or for any costs or expenses incurred hereunder and reimbursable from the Issuer.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Attention: Finance Manager

Attention: Corporate Trust Services

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

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

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

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

coupons in the hands of the holders and owners thereof are and will be valid and enforceable obligations of the Issuer according to the import thereof as provided in this Agreement.

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

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

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

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

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

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

NORTH TEXAS MUNICIPAL WATER DISTRICT

President

ATTEST:

Secretary

(Issuer Seal)

Title: _____

EXHIBIT "A"

Schedule of Refunded Obligations



2/26/2026

Administrative Memorandum No. 26-6232

Regional Wastewater System

Refunding Bonds for Extendable Commercial Paper Bonds; Resolution No. 26-03

SUBJECT

Adopt Resolution No. 26-03 requesting authorization to issue Refunding Bonds for the Regional Wastewater System Extendable Commercial Paper Bonds.

PURPOSE

The ability for the District to issue bonds to refund the ECP Bonds replaces the need for bank liquidity to support the ECP program.

RECOMMENDATION

The Executive Director and NTMWD staff recommend the Board of Directors adopt Resolution No. 26-03, A *“Resolution Authorizing the Issuance, Sale, and Delivery of North Texas Municipal Water District Regional Wastewater System Revenue ECP Refunding Bonds, Pledging Revenues for the Payment of the Bonds, Approving an Official Statement, and Authorizing Other Instruments and Procedures Relating Thereto.”*

Consultant: N/A

Scope: Fund improvements to the Regional Wastewater System

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

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

Committee: This was an item on the February 11, 2026, Finance Committee Meeting agenda

DRIVER(S) FOR THIS PROJECT

Strategic Objective:	2.3 Rigorous Financial Management
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- | | |
|--|--|
| ☐ Regulatory Compliance | ☐ Asset Condition |
| ☐ Capacity | ☐ Redundancy/Resiliency |
| ☐ Relocation or External Requests | ☐ Operational Efficiency |
| ☐ Safety | ☒ Administrative |
| ☐ Policy | ☐ Other _____ |

BACKGROUND

- The Finance Committee met on February 11, 2026, to review the ECP Program.
- On March 23, 2023, the Board of Directors approved a limit of \$400,000,000 for the Regional Wastewater System ECP Program.
- The bonds to refund the ECP will not be sold until necessary. The interest rate will be at the time of issuance.
- The actual amount of the bond sale will be determined on the date of pricing.
- NTMWD bond counsel, McCall, Parkhurst, and Horton, LLP, has prepared the attached Resolution.
- Representatives from McCall, Parkhurst & Horton, LLP, as well as Hilltop Securities, Inc., will be available at the Board meeting to review the documents and financing procedures.

FUNDING

N/A

RESOLUTION NO. 26-03

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

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

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

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

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

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

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

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

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

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

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

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

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

Section 3. INITIAL DATE, DENOMINATION, NUMBER, MATURITIES, INITIAL REGISTERED OWNER, AND CHARACTERISTICS OF THE INITIAL BOND.

(a) As authorized by Chapters 1207, and 1371, Texas Government Code, as amended, the President of the Board of Directors, the Executive Director, and the Assistant General Manager - 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 March 1, 2027, in selling and delivering the Bonds, determining which of the Refundable Bonds shall be refunded and constitute "Refunded Bonds" in this Resolution and carrying out the other procedures specified in this Resolution, including the use of a book-entry only system with respect to the Bonds and the execution of an appropriate letter of representations if deemed appropriate, the determining and fixing of the date and the date of delivery of the Bonds, any additional or different designation or title by which the Bond shall be known (including, if the Bonds are issued on a taxable basis, inclusion of an appropriate designation as such), the price at which the Bonds will be sold (but in no event less than 95% of the principal amount of the Bonds), the principal amount (not exceeding \$400,000,000) of the Bonds in one or more series, the amount of each maturity of principal thereof, the due date of each such maturity (not exceeding thirty years from the date of the Bonds), the rate of interest, to be borne by each such maturity (but in no event to result in the net effective interest rate on the Bonds exceeding 10% per annum), the initial interest payment date, the date or dates of any

optional redemption thereof, any mandatory sinking fund redemption provisions, and approving modifications to this Resolution and executing such instruments, documents and agreements as may be necessary with respect thereto, and all other matters relating to the issuance, sale and delivery of the Bonds and the refunding of the Refunded Bonds; the Issuer acknowledges that the refunding accomplished through the issuance of the Bonds is undertaken for debt restructuring purposes. The Issuer further acknowledges that the authority delegated to the Authorized Officer pursuant to this Section 3 shall be effective from March 1, 2026, through March 1, 2027.

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

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

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

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

FORM OF INITIAL BOND

NO. TR-1

\$ _____ *

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

* From Approval Certificate

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

NORTH TEXAS MUNICIPAL WATER DISTRICT (the "Issuer"), being a political subdivision of the State of Texas, hereby promises to pay to: _____* or to the registered assignee or assignees of this Bond or any portion or portions hereof (in each case, the "registered owner") the aggregate principal amount of _____* in annual installments of principal due and payable on _____ in each of the years, and in the respective principal amounts, as set forth in the following schedule:

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

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

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

* From Approval Certificate

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 refund a portion of the Issuer's outstanding "North Texas Municipal Water District Regional Wastewater System Revenue Bonds - Extendable Commercial Paper Mode" and (ii) to pay costs of issuance of this Bond.

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

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

Principal Installment due on _____, _____

Years

Amounts

Principal Installment due on _____, _____

Years

Amounts

* From Approval Certificate

** From Approval Certificate, if applicable.

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

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

THIS BOND, to the extent of the unpaid principal balance hereof, or any unpaid portion hereof in any integral multiple of \$5,000, may be assigned by the initial registered owner hereof and shall be transferred only in the Registration Books of the Issuer kept by the Paying Agent/Registrar acting in the capacity of registrar for the Bonds, upon the terms and conditions set forth in the Bond Resolution. Among other requirements for such transfer, this Bond must be presented and surrendered to the Paying Agent/Registrar for cancellation, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment by the initial registered owner of this Bond, or any portion or portions hereof in any integral multiple of \$5,000, to the assignee or assignees in whose name or names this Bond or any such portion or portions hereof is or are to be transferred and registered. Any instrument or instruments of assignment satisfactory to the Paying Agent/Registrar may be used to evidence the assignment of this Bond or any such portion or portions hereof by the initial registered owner hereof. A new bond or bonds payable to such assignee or assignees (which then will be the new registered owner or owners of such new Bond or Bonds) or to the initial registered owner as to any portion of this Bond which is not being assigned and transferred by the initial registered owner, shall be delivered by the Paying Agent/Registrar in conversion of and exchange for this Bond or any portion or portions hereof, but solely in the form and manner as provided in the next paragraph hereof for the conversion and exchange of this Bond or any portion hereof. The registered owner of this Bond shall be

deemed and treated by the Issuer and the Paying Agent/Registrar as the absolute owner hereof for all purposes, including payment and discharge of liability upon this Bond to the extent of such payment, and the Issuer and the Paying Agent/Registrar shall not be affected by any notice to the contrary.

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

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

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

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

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

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

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

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

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

Secretary, Board of Directors

President, Board of Directors

(DISTRICT SEAL)

FORM OF REGISTRATION CERTIFICATE OF THE
COMPTROLLER OF PUBLIC ACCOUNTS:

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO.

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

Witness my signature and seal this

Comptroller of Public Accounts of the State of Texas
(COMPTROLLER'S SEAL)

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

* From Approval Certificate

any other entity. The Paying Agent/Registrar's standard or customary fees and charges for making such registration, transfer, conversion, exchange and delivery of a substitute Bond or Bonds shall be paid as provided in the FORM OF SUBSTITUTE BOND set forth in this Resolution. Registration of assignments, transfers, conversions and exchanges of Bonds shall be made in the manner provided and with the effect stated in the FORM OF SUBSTITUTE BOND set forth in this Resolution. Each substitute Bond shall bear a letter and/or number to distinguish it from each other Bond.

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

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

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

(d) Substitute Paying Agent/Registrar. The Issuer covenants with the registered owners of the Bonds that at all times while the Bonds are outstanding the Issuer will provide a competent

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

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

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

With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the Issuer and the Paying Agent/Registrar shall have no responsibility or obligation to any DTC Participant or to any person on behalf of whom such a DTC Participant holds an interest on the Bonds. Without limiting the immediately preceding sentence, the Issuer and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other person, other than a Bondholder, as shown on the Registration Books, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any other person, other than a Bondholder, as shown in the Registration Books of any amount with respect to principal of,

premium, if any, or interest on, as the case may be, the Bonds. Notwithstanding any other provision of this Resolution to the contrary, the Issuer and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Bond is registered in the Registration Books as the absolute owner of such Bond for the purpose of payment of principal, premium, if any, and interest, as the case may be, with respect to such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of and interest on the Bonds only to or upon the order of the respective owners, as shown in the Registration Books as provided in this Resolution, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Issuer's obligations with respect to payment of principal of, premium, if any, and interest on, or as the case may be, the Bonds to the extent of the sum or sums so paid. No person other than an owner, as shown in the Registration Books, shall receive a Bond certificate evidencing the obligation of the Issuer to make payments of principal, premium, if any, and interest, as the case may be, pursuant to this Resolution. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Resolution with respect to interest checks being mailed to the registered owner at the close of business on the Record Date, the word "Cede & Co." in this Resolution shall refer to such new nominee of DTC.

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

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

Section 7. FORM OF SUBSTITUTE BONDS. The form of all Bonds issued in conversion and exchange or replacement of any other Bond or portion thereof, including the form of Paying Agent/Registrar's Certificate to be printed on each of such Bonds, and the Form

of Assignment to be printed on each of the Bonds, shall be, respectively, substantially as follows, with blank or bracketed information to be completed or deleted based upon the Approval Certificate, and with such appropriate variations, omissions, or insertions as are permitted or required by this Resolution.

FORM OF SUBSTITUTE BOND

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

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

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

NO. _____

PRINCIPAL AMOUNT
\$ _____

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

INTEREST
RATE

%

MATURITY
DATE

JUNE 1, _____

ISSUE DATE

_____ ** _____

CUSIP
NO.

ON THE MATURITY DATE specified above NORTH TEXAS MUNICIPAL WATER DISTRICT (the "Issuer"), being a political subdivision of the State of Texas, hereby promises to pay to CEDE & CO. or to the registered assignee hereof (either being hereinafter called the

* From Approval Certificate.

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

"registered owner") the principal amount of _____ DOLLARS and to pay interest thereon, calculated on the basis of a 360-day year composed of twelve 30-day months, from the Issue Date specified above, to the Maturity Date specified above, or the date of redemption prior to maturity, at the interest rate per annum specified above; with interest being payable semiannually on each June 1 and December 1, commencing _____*, except that if the date of authentication of this Bond is later than the first Record Date (hereinafter defined), such principal amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date (hereinafter defined) but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date.

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

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

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

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

ON _____, _____,* or any date thereafter, the outstanding Bonds may be redeemed prior to their scheduled maturities, at the option of the Issuer, with funds derived from any available source, as a whole, or in part, and, if in part, the Issuer shall select and designate the maturity, or maturities, and the amount that is to be redeemed, and if less than a whole maturity is to be redeemed, the Issuer shall direct the Paying Agent/Registrar to call by lot or other customary method of random selection the Bonds or portions thereof to be redeemed (provided that the Bonds to be redeemed only in integral multiples of \$5,000), at the redemption price of the principal amount of the Bonds to be redeemed, plus accrued interest to the date fixed for redemption.

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

Term Bonds maturing on _____, _____

Years

Amounts

Term Bonds maturing on _____, _____

Years

Amounts

The principal amount of the Term Bonds of a maturity required to be redeemed pursuant to the operation of such mandatory redemption provisions shall be reduced, at the option of the Issuer, by the principal amount of the Term Bonds of such maturity which, at least 50 days prior to the

* From Approval Certificate.

** From Approval Certificate, if applicable.

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

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

AT LEAST 30 days prior to the date fixed for any redemption of Bonds or portions thereof prior to maturity at the option of the Issuer, a written notice of such redemption shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, to the registered owner appearing on the Registration Books at the close of business on the day next preceding the date of mailing of such notice; provided, however, that any notice so mailed shall be conclusively presumed to have been duly given and the failure to receive such notice, or any defect therein shall not affect the validity or effectiveness of the proceedings for the redemption of any Bond at the option of the Issuer. By the date fixed for any such redemption due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for the Bonds or portions thereof which are to be so redeemed, plus accrued interest thereon to the date fixed for redemption. If such written notice of redemption is mailed and if due provision for such payment is made, all as provided above, the Bonds or portions thereof which are to be so redeemed thereby automatically shall be treated as redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the registered owner to receive the redemption price plus accrued interest from the Paying Agent/Registrar out of the funds provided for such payment. If a portion of any Bond shall be redeemed a substitute Bond or Bonds having the same maturity date, bearing interest at the same rate, in any denomination or denominations in any integral multiple of \$5,000, at the written request of the registered owner, and in aggregate principal amount equal to the unredeemed portion thereof, will be issued to the registered owner upon the surrender thereof for cancellation, at the expense of the Issuer, all as provided in the Bond Resolution.

THIS BOND OR ANY PORTION OR PORTIONS HEREOF IN ANY INTEGRAL MULTIPLE OF \$5,000 may be assigned and shall be transferred only in the Registration Books of the Issuer kept by the Paying Agent/Registrar acting in the capacity of registrar for the Bonds, upon the terms and conditions set forth in the Bond Resolution. Among other requirements for such assignment and transfer, this Bond must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Bond or any portion or portions hereof in any integral multiple of \$5,000 to the assignee or assignees in whose name or names this Bond or any such portion or portions hereof is or are to be transferred

and registered. The form of Assignment printed or endorsed on this Bond shall be executed by the registered owner or its duly authorized attorney or representative, to evidence the assignment hereof. A new Bond or Bonds payable to such assignee or assignees (which then will be the new registered owner or owners of such new Bond or Bonds), or to the previous registered owner in the case of the assignment and transfer of only a portion of this Bond, may be delivered by the Paying Agent/Registrar in conversion of and exchange for this Bond, all in the form and manner as provided in the next paragraph hereof for the conversion and exchange of other Bonds. The Issuer shall pay the Paying Agent/Registrar's standard or customary fees and charges for making such transfer, but the one requesting such transfer shall pay any taxes or other governmental charges required to be paid with respect thereto. The Paying Agent/Registrar shall not be required to make transfers of registration of this Bond or any portion hereof (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or, (ii) with respect to any Bond or any portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date. The registered owner of this Bond shall be deemed and treated by the Issuer and the Paying Agent/Registrar as the absolute owner hereof for all purposes, including payment and discharge of liability upon this Bond to the extent of such payment, and the Issuer and the Paying Agent/Registrar shall not be affected by any notice to the contrary.

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

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

IT IS HEREBY certified, recited, and covenanted that this Bond has been duly and validly authorized, issued, and delivered; that all acts, conditions, and things required or proper

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

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

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

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

BY BECOMING the registered owner of this Bond, the registered owner thereby acknowledges all of the terms and provisions of the Bond Resolution, agrees to be bound by such

terms and provisions, acknowledges that the Bond Resolution is duly recorded and available for inspection in the official minutes and records of the governing body of the Issuer, and agrees that the terms and provisions of this Bond and the Bond Resolution constitute a contract between each registered owner hereof and the Issuer.

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

XXXXXXX
Secretary, Board of Directors

XXXXXXX
President, Board of Directors

(DISTRICT SEAL)

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

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

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

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

By _____
Authorized Representative

FORM OF ASSIGNMENT

ASSIGNMENT

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

Please Insert Social Security or
Other Identifying Number of Assignee
/ _____ /

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

Date: _____

Signature Guaranteed: _____

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

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

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

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

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

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

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

The term "Contracts" shall mean collectively the Trinity East Fork Regional Wastewater Contract dated as of October 1, 1975, among the District and the City of Mesquite, in Dallas County, Texas, and the City of Plano, in Collin County, Texas, the City of Richardson-Trinity East Fork Regional Wastewater System Contract, dated as of January 9, 1978, and amended as of December 1, 1985, between the District and the City of Richardson, in Dallas and Collin Counties, Texas, the City of Allen-Trinity East Fork Regional Wastewater System Contract, dated as of August 24, 1978, between the District and the City of Allen, in Collin County, Texas,

the City of McKinney - Trinity East Fork Regional Wastewater System Contract, dated as of August 29, 1979, between the District and the City of McKinney, in Collin County, Texas, the City of Forney - Trinity East Fork Regional Wastewater System Contract, dated as of February 22, 1990, between the District and the City of Forney, in Kaufman County, Texas, the City of Frisco - Trinity East Fork Regional Wastewater System Contract, dated as of November 19, 1996, between the District and the City of Frisco, in Collin and Denton Counties, Texas, the City of Princeton - Trinity East Fork Regional Wastewater System Contract, dated as of November 26, 1996, between the District and the City of Princeton, in Collin County, Texas, the City of Rockwall - Trinity East Fork Regional Wastewater System Contract, dated as of March 29, 2001, between the District and the City of Rockwall, in Rockwall County, Texas, the City of Heath - Trinity East Fork Regional Wastewater System Contract, dated as of March 29, 2001, between the District and the City of Heath, in Rockwall County, Texas, the Town of Prosper - Trinity East Fork Regional Wastewater System Contract, dated as of February 24, 2004, between the District and the Town of Prosper, in Collin and Denton Counties, Texas, the City of Seagoville - Trinity East Fork Regional Wastewater System Contract, dated as of February 24, 2005, between the District and the City of Seagoville, Dallas and Kaufman Counties, Texas, and the City of Melissa - Trinity East Fork Regional Wastewater System Contract, dated as of April 1, 2019, between the District and the City of Melissa, in Collin County, Texas, together with all similar contracts which may be executed in the future between the District and Additional Member Cities, as defined and permitted in the aforesaid contracts.

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

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

and are not made payable from the Annual Payments as defined in the Contract, including the contracts with Additional Member Cities.

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

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

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

The term A1976 Bond Resolution@ shall mean the resolution adopted by the Board on May 27, 1976, authorizing the issuance of the ANorth Texas Municipal Water District Regional Wastewater System Revenue Bonds, Series 1976,@ the initial issuance of bonds by the Issuer to provide the System.

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

The term "Parity Bonds" shall mean collectively the Bonds and the unpaid and unrefunded bonds out of the following described Series which will be outstanding after the issuance and delivery of the Initial Bond: North Texas Municipal Water District Regional Wastewater System Revenue Bonds, Series 2012, authorized by resolution of the Board on March 22, 2012, North Texas Municipal Water District Regional Wastewater System Revenue Bonds, Series 2013, authorized by resolution of the Board on March 28, 2013, North Texas Municipal Water District Regional Wastewater System Revenue Refunding and Improvement

Bonds, Series 2015, authorized by resolution of the Board on August 27, 2015, North Texas Municipal Water District Regional Wastewater System Revenue Refunding and Improvement Bonds, Series 2016, authorized by resolution of the Board on August 25, 2016, North Texas Municipal Water District Regional Wastewater System Revenue Bonds, Series 2017, authorized by resolution of the Board on March 23, 2017, North Texas Municipal Water District Regional Wastewater System Revenue Refunding Bonds, Series 2017, authorized by resolution of the Board on November 29, 2017, North Texas Municipal Water District Regional Wastewater System Revenue Bonds, Series 2018, authorized by resolution of the Board on February 22, 2018, North Texas Municipal Water District Regional Wastewater System Revenue Bonds, Series 2019, authorized by resolution of the Board on April 25, 2019, North Texas Municipal Water District Regional Wastewater System Revenue Bonds, Series 2020, authorized by resolution of the Board on May 28, 2020, North Texas Municipal Water District Regional Wastewater System Revenue Bonds, Series 2020A, authorized by resolution of the Board on June 25, 2020, North Texas Municipal Water District Regional Wastewater System Revenue Bonds, Series 2021, authorized by resolution of the Board on January 21, 2021, North Texas Municipal Water District Regional Wastewater System Revenue Bonds, Series 2021A, authorized by resolution of the Board on February 25, 2021, North Texas Municipal Water District Regional Wastewater System Revenue Bonds, Series 2025, authorized by resolution of the Board on April 24, 2025, North Texas Municipal Water District Regional Wastewater System Revenue Refunding and Improvement Bonds, Series 2025, authorized by resolution of the Board on September 25, 2025.

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

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

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

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

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

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

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

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

Section 14. INVESTMENTS. Money in the Revenue Fund, the Interest and Redemption Fund, and the Reserve Fund established pursuant to the 1976 Bond Resolution may, at the option of the Issuer, be placed in secured time deposits or secured certificates of deposit, or be invested in direct obligations of the United States of America, obligations guaranteed or insured by the United States of America, which, in the opinion of the Attorney General of the United States, are backed by its full faith and credit or represent its general obligations, including, but not limited to, evidences of indebtedness issued, insured, or guaranteed by such governmental agencies as the Federal Land Bank, Federal Intermediate Credit Banks, Banks for Cooperatives, Federal Home Loan Banks, Government National Mortgage Association, United States Postal Service, Farmers Home Administration, Federal Home Loan Mortgage Association, Small Business Administration, Federal Housing Association, or Participation Certificates in the Federal Assets Financing Trust; provided that all such deposits and investments shall be made in such manner that the money required to be expended from any Fund will be available at the proper time or

times. Such investments shall be valued in terms of current market value as of the 15th day of January of each year. Interest and income derived from such deposits and investments shall be credited to the Fund from which the deposit or investment was made. Such investments shall be sold promptly when necessary to prevent any default in connection with the Parity Bonds or Additional Bonds. No investment of any Fund shall be made in any way which would violate any provision of this Resolution, particularly with respect to any surplus in the Reserve Fund or "arbitrage bonds".

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

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

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

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

(2) such amounts, deposited in approximately equal monthly installments on or before the 25th day of each month hereafter as will be sufficient, together with other amounts, if any, then on hand in the Interest and Redemption Fund and available for such purpose, to pay the principal scheduled to mature and come due, and/or mandatorily required to be redeemed prior to maturity, on the Parity Bonds and any Additional Bonds on the next succeeding principal payment date or mandatory redemption date.

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

outstanding Parity Bonds, until the Reserve Fund is restored to said Required Amount. So long as the Reserve Fund contains said Required Amount, all amounts in excess of such Required Amount shall, on or before the 10th day prior to each interest payment date, be deposited to the credit of the Interest and Redemption Fund; and otherwise any earnings from the deposit and investment of the Reserve Fund shall be retained in the Reserve Fund.

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

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

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

Section 21. FINAL DEPOSITS. At such times as the aggregate amount of money and investments in the Interest and Redemption Fund and the Reserve Fund are at least equal in market value to (1) the aggregate principal amount of all unpaid (unmatured and matured) outstanding Parity Bonds and Additional Bonds, plus (2) the aggregate amount of all unpaid interest, including all unpaid (unmatured and matured) outstanding interest coupons, appertaining to such Parity Bonds and Additional Bonds, no further deposits need be made into the Interest and Redemption Fund or the Reserve Fund. In determining the amount of such Parity Bonds and Additional Bonds, and unpaid interest appertaining thereto, outstanding at any time, there shall be subtracted and excluded the amount of any such Parity Bonds and Additional Bonds, and unpaid interest appertaining thereto, which shall have been duly called for redemption and for which funds shall have been deposited with the paying agents therefor sufficient for such redemption.

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

parity with the Parity Bonds, and all other outstanding Additional Bonds, from a first lien on and pledge of the Pledged Revenues.

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

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

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

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

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

(a) PERFORMANCE. It will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in this Resolution and each resolution

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

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

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

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

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

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

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

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

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

(a) for the redemption prior to maturity of the Parity Bonds and Additional Bonds, if any, ratably in the proportion that the outstanding principal of each Series or issue of Parity Bonds or Additional Bonds bears to the total outstanding principal of all Parity Bonds and Additional Bonds; provided that if on any such occasion the principal

of any such Series or issue is not subject to redemption, it shall not be regarded as outstanding in making the foregoing computation; or

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

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

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

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

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

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

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

(m) CONTRACTS WITH MEMBER CITIES. It will comply with the terms and conditions of the Contract, including any contracts with Additional Member Cities, and will cause the Member Cities to comply with all of their obligations thereunder by all lawful means; and the Issuer agrees to prepare an annual budget as required by the Contract.

Section 25. AMENDMENT OF RESOLUTION. (a) The holders or owners of Parity Bonds and Additional Bonds aggregating 51% in principal amount of the aggregate principal amount of then outstanding Parity Bonds and Additional Bonds shall have the right from time to time to approve any amendment to this Resolution or any resolution authorizing the issuance of Additional Bonds, which may be deemed necessary or desirable by the Issuer, provided, however, that nothing herein contained shall permit or be construed to permit the amendment of the terms and conditions in said resolutions or in the Parity Bonds or Additional Bonds so as to:

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

(b) If at any time the Issuer shall desire to amend a resolution under this Section, the Issuer shall cause notice of the proposed amendment to be published in a financial newspaper or journal published in the City of New York, New York, or in the City of Austin, Texas, once during each calendar week for at least two successive calendar weeks. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy thereof is on file at the principal office of each Paying Agent for each Series of Parity Bonds and Additional Bonds for

inspection by all holders of Parity Bonds and Additional Bonds. Such publication is not required, however, if notice in writing is given to each holder of Parity Bonds and Additional Bonds.

(c) Whenever at any time not less than thirty days, and within one year, from the date of the first publication of notice or other service of written notice the Issuer shall receive an instrument or instruments executed by the holders or owners of at least 51% in aggregate principal amount of all Parity Bonds and Additional Bonds then outstanding, which instrument or instruments shall refer to the proposed amendment described in said notice and which specifically consent to and approve such amendment in substantially the form of the copy thereof on file as aforesaid, the Issuer may adopt the amendatory resolution in substantially the same form.

(d) Upon the adoption of any amendatory resolution pursuant to the provisions of this Section, the resolution being amended shall be deemed to be amended in accordance with the amendatory resolution, and the respective rights, duties, and obligations of the Issuer and all the holders or owners of then outstanding Parity Bonds and Additional Bonds and all future Additional Bonds shall thereafter be determined, exercised, and enforced hereunder, subject in all respects to such amendment.

(e) Any consent given by the holder or owner of a Parity Bond or Additional Bond pursuant to the provisions of this Section shall be irrevocable for a period of six months from the date of the first publication of the notice provided for in this Section, and shall be conclusive and binding upon all future holders or owners of the same Parity Bond or Additional Bond during such period. Such consent may be revoked at any time after six months from the date of the first publication of such notice by the holder or owner who gave such consent, or by a successor in title, by filing notice thereof with each Paying Agent for each Series of Parity Bonds and Additional Bonds, Texas, and the Issuer, but such revocation shall not be effective if the holders of 51% in aggregate principal amount of the then outstanding Parity Bonds and Additional Bonds as in this Section defined have, prior to the attempted revocation, consented to and approved the amendment.

(f) For the purpose of this Section, the fact of the holding of Parity Bonds or Additional Bonds in bearer, coupon form by any holder thereof and the amount and numbers of such Parity Bonds and Additional Bonds, and the date of their holding same, may be provided by the affidavit of the person claiming to be such holder, or by a certificate executed by any trust company, bank, banker, or any other depository wherever situated showing that at the date therein mentioned such person had on deposit with such trust company, bank, banker, or other depository, the Parity Bonds or Additional Bonds described in such certificate. The ownership of all registered Parity Bonds and Additional Bonds shall be ascertained by the registration books pertaining thereto kept by the registrar. The Issuer may conclusively assume that such holding or ownership continues until written notice to the contrary is served upon the Issuer.

Section 26. DEFEASANCE OF BONDS. (a) Each of the Bonds, including the Initial Bond and each of the other Bonds (as hereinbefore defined), and the interest thereon shall be

deemed to be paid, retired, and no longer outstanding (a "Defeased Bond") within the meaning of this Resolution, except to the extent provided in subsection (d) of this Section, when payment of the principal of such Bond, plus interest thereon to the due date (whether such due date be by reason of maturity, upon redemption, or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof (including the giving of any required notice of redemption), or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar for such payment (1) lawful money of the United States of America sufficient to make such payment or (2) Government Obligations which mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to provide for such payment, and when proper arrangements have been made by the Issuer with the Paying Agent/Registrar for the payment of its services until all Defeased Bonds shall have become due and payable. At such time as a Bond shall be deemed to be a Defeased Bond hereunder, as aforesaid, such Bond and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the Pledged Revenues as provided in this Resolution, and such principal and interest shall be payable solely from such money or Government Obligations.

(b) Any moneys so deposited with the Paying Agent/Registrar may at the written direction of the Issuer also be invested in Government Obligations, maturing in the amounts and times as hereinbefore set forth, and all income from such Government Obligations received by the Paying Agent/Registrar which is not required for the payment of the Bonds and interest thereon, with respect to which such money has been so deposited, shall be turned over to the Issuer, or deposited as directed in writing by the Issuer.

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

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

Section 27. DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED BONDS.

(a) Replacement Bonds. In the event any outstanding Bonds or Bond authorized by this Resolution is damaged, mutilated, lost, stolen, or destroyed, the Paying Agent/Registrar shall cause to be printed, executed, and delivered, a new bond of the same principal amount, maturity, and interest rate, as the damaged, mutilated, lost, stolen, or destroyed Bond, in replacement for such Bond in the manner hereinafter provided.

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

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

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

(e) Authority for Issuing Replacement Bonds. In accordance with Chapter 1201, Texas Government Code, this Section of this Resolution shall constitute authority for the issuance of any such replacement bond without necessity of further action by the governing body of the Issuer or any other body or person, and the duty of the replacement of such bonds is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such Bonds in the form and manner and with the effect, as provided in Section 6(d) of this Resolution for Bonds issued in conversion and exchange for other Bonds.

Section 28. COVENANTS REGARDING TAX EXEMPTION. The provisions of this Section 28 shall apply to the Bonds only if the Bonds are issued as tax-exempt obligations as designated in the Approval Certificate.

(a) Covenants. The Issuer covenants to refrain from any action which would adversely affect, or to take such action to assure, the treatment of the Bonds as obligations described in section 103 of the Code, the interest on which is not includable in the "gross income" of the

holder for purposes of federal income taxation. In furtherance thereof, the Issuer covenants as follows:

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

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

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

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

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

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

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

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

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

(7) to otherwise restrict the use of the proceeds of the Bonds or amounts treated as proceeds of the Bonds, as may be necessary, so that the Bonds do not otherwise contravene the requirements of section 148 of the Code (relating to arbitrage);

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

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

(b) Rebate Fund. In order to facilitate compliance with the above covenant (a)(9), a "Rebate Fund" is hereby established by the Issuer for the sole benefit of the United States of America, and such Fund shall not be subject to the claim of any other person, including without limitation the Bondholders. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

(c) Compliance with Code. For purposes of the foregoing covenants, the Issuer understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations and, in the case of refunding Bonds, transferred proceeds (if any) and proceeds of the refunded Bonds expended prior to the date of issuance of the refunding Bonds. It is the understanding of the Issuer that the covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto. In the event that regulations or rulings are hereafter promulgated that modify or expand provisions of the Code, as applicable to the Bonds, the Issuer will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of nationally recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on the under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated that impose additional requirements applicable to the Bonds, the Issuer agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally recognized bond counsel, to preserve the exemption from

federal income taxation of interest on the Bonds under section 103 of the Code. In furtherance of such intention, the Issuer hereby authorizes and directs the President of the Board of Directors, the Executive Director, and the Assistant General Manager - 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 Bonds.

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

Section 29. ALLOCATION OF, AND LIMITATION ON, EXPENDITURES FOR THE PROJECT. If the Bonds are issued on a tax-exempt basis, the Issuer covenants to account for the expenditure of sale proceeds and investment earnings to be used for the purposes described in Section 1 of this Resolution (the "Project") on its books and records by allocating proceeds to expenditures within 18 months of the later of the date that (1) the expenditure is made, or (2) the Project is completed. The foregoing notwithstanding, the Issuer shall not expend sale proceeds or investment earnings thereon more than 60 days after the earlier of (1) the fifth anniversary of the delivery of the Bonds, or (2) the date the Bonds are retired, unless the Issuer obtains an opinion of nationally-recognized bond counsel that such expenditure will not adversely affect the tax-exempt status of the Bonds. For purposes hereof, the Issuer shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

Section 30. CUSTODY, APPROVAL, AND REGISTRATION OF BONDS; BOND COUNSEL'S OPINION, CUSIP NUMBERS, PREAMBLE, AND INSURANCE. The President of the Board of Directors of the Issuer and any Authorized officer is hereby authorized to have control of the Initial Bond issued hereunder and all necessary records and proceedings pertaining to said Initial Bond pending its delivery and its investigation, examination, and approval by the Attorney General of the State of Texas, and its registration by the Comptroller of Public Accounts of the State of Texas. Upon registration of said Initial Bond said Comptroller of Public Accounts (or a deputy designated in writing to act for said Comptroller) shall manually sign the Comptroller's Registration Certificate on said Initial Bond, and the seal of said Comptroller shall be impressed, or placed in facsimile, on said Initial Bond. The approving legal opinion of the Issuer's Bond Counsel and the assigned CUSIP numbers may, at the option of the Issuer, be printed on said Initial Bond or on any Bonds issued and delivered in conversion of and exchange or replacement of any Bond, but neither shall have any legal effect, and shall be solely for the convenience and information of the registered owners of the Bonds. The preamble to this Resolution is hereby adopted and made a part hereof for all purposes. If insurance is obtained by the Underwriter (as defined in Section 31 hereof) on any of the Bonds, the Initial Bond and all the Bonds so insured shall bear an appropriate legend concerning insurance as provided by the insurer.

Section 31. DISPOSITION OF PROJECT. If the Bonds are issued on a tax-exempt basis, the Issuer covenants that the property constituting the Project refinanced by the Bonds will not be sold or otherwise disposed in a transaction resulting in the receipt by the Issuer of cash or other compensation, unless the Issuer obtains an opinion of nationally-recognized bond counsel that such sale or other disposition will not adversely affect the tax-exempt status of the Bonds. For purposes of the foregoing, the portion of the property comprising personal property and disposed in the ordinary course shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes hereof, the Issuer shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

Section 32. CONTINUING DISCLOSURE UNDERTAKING.

(a) Annual Reports.

The Issuer shall provide or cause to be provided annually to the MSRB, (1) within six months after the end of each fiscal year ending in or after 2026, financial information and operating data of the general type included in the final Official Statement authorized by Section 32 of this Resolution, (i) with respect to the Issuer, in tables numbered 1 through 5, and (ii) with respect to each Significant Obligated Persons, in Appendix C, and (2) when and if available, audited financial statements of the Issuer and each Significant Obligated Person. Any financial statements so to be provided shall be prepared in accordance with generally accepted accounting principles or such other accounting principles as the Issuer or any such Significant Obligated Person may be required to employ from time to time pursuant to state law or regulation. If the audit of such financial statements of the Issuer or a Significant Obligated Person is not complete within 12 months after the respective fiscal year end, then the Issuer shall provide or cause to be provided by each Significant Obligated Person unaudited financial statements within such 12-month period and audited financial statements when and if the audit report on such statements become available.

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

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

(b) Event Notices.

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

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. If the Bonds are issued as tax-exempt obligations, adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
7. Modifications to the rights of security holders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution or sale of property securing repayment of the securities, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Issuer or a Significant Obligated Person;
13. The consummation of a merger, consolidation, or acquisition involving the Issuer or a Significant Obligated Person or the sale of all or substantially all of the assets of the Issuer or a Significant Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.
15. Incurrence of a Financial Obligation of the Issuer or a Significant Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer or a Significant Obligated Person, any of which affect security holders, if material; and

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

For these purposes, any event described in the immediately preceding paragraph (12) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Issuer in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers of the Issuer in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

The Issuer shall notify or cause the appropriate Significant Obligated Person to notify, in an electronic format as prescribed by the MSRB, the MSRB, in a timely manner, of any failure by the Issuer or any such Significant Obligated Person to provide financial information or operating data in accordance with Section 32 of this Resolution by the time required by such Section; and "Financial Obligation" shall have the meaning ascribed to it below.

(c) Limitations, Disclaimers, and Amendments.

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

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

UNDER NO CIRCUMSTANCES SHALL THE ISSUER BE LIABLE TO THE HOLDER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM

ANY BREACH BY THE ISSUER, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

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

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

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

(d) Definitions.

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

"Financial Obligation" means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that

"Financial Obligation" shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

"MSRB" means the Municipal Securities Rulemaking Board.

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

"SEC" means the United States Securities and Exchange Commission and any successor to its duties.

"*Significant Obligated Person*" means, at any point in time, any Member City or other party contracting with the Issuer, in either case whose payments to the Issuer for the use of or service from the System in the calendar year preceding any such determination exceeded 10% of the Gross Revenues of the System.

Section 33. SALE OF BONDS. Pursuant to the authorizations in Section 3 hereof, as approved by the Authorized Officer, the Bonds may be sold either pursuant to the taking of bids therefor as provided in the Official Notice of Sale or pursuant to a purchase agreement (the "Purchase Agreement") with a purchaser or purchasers (collectively, the "Underwriters") to be approved by the Authorized Officer, and any supplements thereto which may be necessary to accomplish the issuance of Bonds. Such Purchase Agreement is hereby authorized to be dated, executed and delivered on behalf of the Issuer by an Authorized Officer, with such changes therein as shall be approved by the Authorized Officer, the execution thereof by the Authorized Officer to constitute evidence of such approval. The delegation of authority to the Authorized Officer to approve the final terms of the Bonds as set forth in this Resolution is, and the decisions made by the Authorized Officer pursuant to such delegated authority will be, in the best interests of the Issuer, and the Authorized Officer is authorized to make a finding to such effect in the Approval Certificate.

Section 34. APPROVAL OF OFFICIAL STATEMENT. A Preliminary Official Statement relating to the Bonds, will be approved and authorized to be distributed to prospective investors and other interested parties in connection with an underwriting and sale of the Bonds, with such changes therein as shall be approved by an Authorized Officer, including such changes as are necessary for distribution as a final Official Statement. The use and distribution by the Underwriters of the Official Statement relating to the Bonds, is hereby approved. For the purpose of review by the Underwriters prior to purchasing the Bonds, an Authorized Officer may deem said Preliminary Official Statement to have been "final as of its date" within the meaning of Securities and Exchange Commission Rule 15c2-12.

Section 35. REFUNDING OF REFUNDED BONDS. (a) The Refunded Bonds shall be paid upon the earlier of their stated maturity dates or the earliest redemption dates for which notice of redemption can be given pursuant to the Master Resolution, in each case at a price of par plus accrued interest to the date of payment. As soon as practicable after sale of the Bonds, appropriate notices of redemption shall be delivered to the paying agent/registrar for the Refunded Bonds to notify, in accordance with the requirements of the Master Resolution, the owners of the Refunded Bonds of the call for redemption thereof.

(b) Concurrently with the delivery of the Bonds, the Issuer shall cause to be deposited an amount from the proceeds from the sale of the Bonds, together with, to the extent necessary, available funds of the Issuer, with the paying agent/registrar for the Refunded Bonds, sufficient to provide for the refunding and redemption, on the date or dates fixed for redemption, of all of the Refunded Bonds, in accordance with Subchapter C of Chapter 1207, Texas Government Code, as amended. The President of the Board of Directors of the Issuer and the Vice President/Secretary of the Board of Directors of the Issuer are hereby authorized, for and on behalf of the Issuer, to execute a Deposit Agreement in substantially the form set forth in Exhibit C hereto to accomplish such purpose. In addition, the Authorized Officer is authorized to transfer and deposit such cash from available funds (including surplus funds in the Interest and Redemption Fund and/or the Reserve Fund), as may be necessary for the Payment Account described in such Deposit Agreement. It is hereby found and determined that the refunding of the Refunded Bonds, which consist of bonds in an extendable commercial paper mode, makes it impracticable to determine the maximum amount by which the aggregate amount of payments to be made under the Bonds exceeds the aggregate amount of payments that would have been made under the terms of the Refunded Bonds for purposes of Section 1207.008(a)(2), Texas Government Code.

Section 36. ATTORNEY GENERAL FEES. The Issuer hereby authorizes and directs payment, from legally available funds of the Issuer, of the nonrefundable examination fee of the Attorney General of the State of Texas required by Section 1202.004, Texas Government Code, as amended.

Section 37. FURTHER PROCEDURES. The President and the Secretary of the Board of Directors and any Authorized Officer of the Issuer, and all other officers, employees, and agents of the Issuer, and each of them, shall be and they are hereby expressly authorized, empowered, and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge, and deliver in the name and on behalf of the Issuer all such instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Resolution, and all details in connection therewith. In case any officer whose signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

Section 38. REPEAL OF CONFLICTING RESOLUTIONS. All resolutions and all parts of any resolutions which are in conflict or inconsistent with this Resolution are hereby repealed and shall be of no further force or effect to the extent of such conflict or inconsistency.

Section 39. PUBLIC NOTICE. It is hereby officially found and determined that public notice of the time, place and purpose of said meeting was given, all as required by the Government Code, Chapter 551.

Section 40. EFFECTIVENESS. This Resolution shall be effective as of March 1, 2026; provided, however, if the Bonds authorized by this Resolution are not issued prior to March 1, 2027, this Resolution shall be void ab initio and shall be of no force and effect.

EXHIBIT "A"

WRITTEN PROCEDURES RELATING TO CONTINUING COMPLIANCE WITH FEDERAL TAX COVENANTS

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

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

EXHIBIT B
DESCRIPTION OF ANNUAL FINANCIAL INFORMATION

The following information is referred to in Section 32 of this Resolution.

I. Annual Financial Statements and Operating Data of the Issuer

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

Tables __ through __ in the Official Statement and in Appendix B

Accounting Principles

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

EXHIBIT "C"

FORM OF DEPOSIT AGREEMENT

DEPOSIT AGREEMENT

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

WITNESSETH:

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

WHEREAS, in accordance with the provisions of Chapters 1207 and 1371, Texas Government Code (collectively, the "Act"), the Issuer is authorized to sell refunding bonds in an amount sufficient to provide for the full and complete payment of obligations, deposit the proceeds of such refunding bonds with the place of payment for the obligations being refunded and enter into an escrow or similar agreement with such place of payment for the safekeeping, investment, reinvestment, administration and disposition of such deposit, upon such terms and conditions as the parties may agree; and

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

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

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

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

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

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

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

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

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

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

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

SECTION 7. The Bank shall have no lien whatsoever upon any of the moneys deposited to the credit of the Payment Account for payment of services rendered hereunder, services

rendered as Paying Agent for the Refunded Obligations, or for any costs or expenses incurred hereunder and reimbursable from the Issuer.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Attention: Finance Manager

Attention: Corporate Trust Services

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

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

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

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

coupons in the hands of the holders and owners thereof are and will be valid and enforceable obligations of the Issuer according to the import thereof as provided in this Agreement.

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

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

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

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

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

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

NORTH TEXAS MUNICIPAL WATER DISTRICT

President

ATTEST:

Secretary

(Issuer Seal)

Title: _____

EXHIBIT "A"

Schedule of Refunded Obligations



2/26/2026

Administrative Memorandum No. 26-6233

Upper East Fork Wastewater Interceptor System

Refunding Bonds for Extendable Commercial Paper Bonds; Resolution No. 26-04

SUBJECT

Adopt Resolution No. 26-04 requesting authorization to issue Refunding Bonds for the Upper East Fork Wastewater Interceptor System Extendable Commercial Paper Bonds.

PURPOSE

The ability for the District to issue bonds to refund the ECP Bonds replaces the need for bank liquidity to support the ECP program.

RECOMMENDATION

The Executive Director and NTMWD staff recommend the Board of Directors adopt Resolution No. 26-04, A *"Resolution Authorizing the Issuance, Sale, and Delivery of North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Contract Revenue ECP Refunding Bonds, Pledging Revenues for the Payment of the Bonds, Approving an Official Statement, and Authorizing Other Instruments and Procedures Relating Thereto."*

Consultant:	N/A
Scope:	Fund Improvements to the Upper East Fork Interceptor System
Project:	Multiple. Each Capital Improvement Plan Contract will be brought to the Board for consideration.
Amount:	Not to exceed \$150,000,000. Actual amount to be determined at date of pricing.
Committee:	This was an item on the February 11, 2026, Finance Committee Meeting agenda

DRIVER(S) FOR THIS PROJECT

Strategic Objective:	2.3 Rigorous Financial Management
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☐ Regulatory Compliance	☐ Asset Condition
☐ Capacity	☐ Redundancy/Resiliency
☐ Relocation or External Requests	☐ Operational Efficiency
☐ Safety	☒ Administrative
☐ Policy	☐ Other _____

BACKGROUND

- The Finance Committee met on February 11, 2026, to review the ECP Program.
- On March 23, 2023, the Board of Directors approved a limit of \$150,000,000 for the Upper East Fork Interceptor System ECP Program.
- The bonds to refund the ECP will not be sold until necessary. The interest rate will be determined at the time of issuance.
- The actual amount of the bond sale will be determined on the date of pricing.
- NTMWD bond counsel, McCall, Parkhurst, and Horton, LLP, has prepared the attached Resolution.
- Representatives from McCall, Parkhurst & Horton, LLP, as well as Hilltop Securities, Inc., will be available at the Board meeting to review the documents and financing procedures.

FUNDING

N/A

RESOLUTION NO. 26-04

RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY
OF NORTH TEXAS MUNICIPAL WATER DISTRICT UPPER EAST FORK
WASTEWATER INTERCEPTOR SYSTEM CONTRACT REVENUE ECP
REFUNDING BONDS, PLEDGING REVENUES FOR THE PAYMENT OF
THE BONDS, APPROVING AN OFFICIAL STATEMENT, AND
AUTHORIZING OTHER INSTRUMENTS AND PROCEDURES RELATING
THERE TO

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

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

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

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

North Texas Municipal Water District Upper East Fork Wastewater Interceptor
System Contract Revenue Bond - Extendable Commercial Paper Mode (the "*ECP
Bonds*");

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

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

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

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

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

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

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

Section 3. INITIAL DATE, DENOMINATION, NUMBER, MATURITIES, INITIAL REGISTERED OWNER, AND CHARACTERISTICS OF THE INITIAL BOND.

(a) As authorized by Chapter 1207 and Chapter 1371, Texas Government Code, as amended, the President of the Board of Directors, the Executive Director, and the Assistant General Manager - 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 March 1, 2027, in the selling and delivering of the Bonds and carrying out the other procedures specified in this Resolution, including the use of a book-entry only system with respect to the Bonds and the execution of an appropriate letter of representations if deemed appropriate, the determining and fixing of the date and the date of delivery of the Bonds, any additional or different designation or title by which the Bond shall be known, the price at which the Bonds will be sold (but in no event less than 97% of the principal amount of the Bonds), the principal amount (not exceeding \$150,000,000) of the Bonds in one or more series, the amount of each maturity of principal thereof, the due date of each such maturity (not exceeding forty years from the date of the Bonds), the rate of interest to be borne by each such maturity (but in no event to result in the net effective interest rate on the Bonds exceeding 10%), the initial interest payment date, the date or dates of optional redemption thereof, any mandatory sinking fund redemption provisions, and procuring bond insurance, if any, approving

modifications to this Resolution and executing such instruments, documents and agreements as may be necessary with respect thereto, and all other matters relating to the issuance, sale and delivery of the Bonds; the Issuer acknowledges that the refunding accomplished through the issuance of the Bonds is undertaken for debt restructuring purposes. The Issuer further acknowledges that the authority delegated to the Authorized Officer pursuant to this Section 3 shall be effective from March 1, 2026 through March 1, 2027.

(b) The Initial Bond is hereby authorized to be issued, sold, and delivered hereunder as a single fully registered Bond, without interest coupons, in the denomination and aggregate principal amount set forth in the Approval Certificate (not exceeding \$150,000,000), numbered TR-1, payable in annual installments of principal to the initial registered owner thereof or to the registered assignee or assignees of said Initial Bond or any portion or portions thereof (in each case, the "registered owner"), with the annual installments of principal of the Initial Bond to be payable on the dates, respectively, and in the principal amounts, respectively, and may and shall be prepaid or redeemed prior to the respective scheduled due dates of installments of principal thereof, all as set forth in the Approval Certificate.

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

Section 4. INTEREST. The unpaid principal balance of the Initial Bond shall bear interest from the date of the Initial Bond to the respective scheduled due dates, or to the respective dates of prepayment or redemption, of the installments of principal of the Initial Bond, and said interest shall be payable, all in the manner provided and at the rates and on the dates stated in the Approval Certificate and the FORM OF INITIAL BOND set forth in this Resolution.

Section 5. FORM OF INITIAL BOND. The form of the Initial Bond, including the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas to be endorsed on the Initial Bond, shall be substantially as follows:

FORM OF INITIAL BOND

NO. TR-1

\$ _____ *

UNITED STATES OF AMERICA
STATE OF TEXAS
NORTH TEXAS MUNICIPAL WATER DISTRICT
UPPER EAST FORK WASTEWATER INTERCEPTOR SYSTEM
CONTRACT REVENUE ECP REFUNDING BOND,
[(TAXABLE)]**

* From Approval Certificate

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

NORTH TEXAS MUNICIPAL WATER DISTRICT (the "Issuer"), being a political subdivision of the State of Texas, hereby promises to pay to _____*, or to the registered assignee or assignees of this Bond or any portion or portions hereof (in each case, the "registered owner") the aggregate principal amount of _____* DOLLARS in annual installments of principal due and payable on June 1 in each of the years, and in the respective principal amounts, as set forth in the following schedule:

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

<u>Year*</u>	<u>Rate*</u>	<u>Year*</u>	<u>Rate*</u>
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with said interest being payable semiannually on each June 1 and December 1, commencing _____, ____*, while this Bond or any portion hereof is outstanding and unpaid.

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

* From Approval Certificate

date, to the registered owner hereof, at the address of the registered owner, as it appeared on the 15th day of the month next preceding each such date (the "Record Date") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. The Issuer covenants with the registered owner of this Bond that on or before each principal and/or interest payment date for this Bond it will make available to the Paying Agent/Registrar, from the "Interest and Sinking Fund" created by the Bond Resolution, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on this Bond, when due.

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

THIS BOND has been authorized in accordance with the Constitution and laws of the State of Texas for the purpose of obtaining funds (i) to refund a portion of the Issuer's outstanding "North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Contract Revenue Bonds—Extendable Commercial Paper Mode" and (ii) to pay costs of issuance of the Bonds.

ON _____, ____,* or on any date whatsoever thereafter, the unpaid installments of principal of this Bond may be prepaid or redeemed prior to their scheduled due dates, at the option of the Issuer, with funds derived from any available source, as a whole, or in part, and, if in part, the particular portion of this Bond to be prepaid or redeemed shall be selected and designated by the Issuer (provided that a portion of this Bond may be redeemed only in an integral multiple of \$5,000), at the prepayment or redemption price of the par or principal amount thereof, plus accrued interest to the date fixed for prepayment or redemption.

**[THE PRINCIPAL INSTALLMENTS OF THIS BOND maturing on June 1, ____ and June 1, ____ are subject to mandatory prepayment or redemption prior to maturity in part, at a price equal to the principal amount of this Bond or portions hereof to be prepaid or redeemed plus accrued interest to the date of prepayment or redemption, on June 1 in each of the years and in the amounts as follows:

Principal Installment due on June 1, ____

Years

Amounts

Principal Installment due on June 1, ____

Years

Amounts

* From Approval Certificate

** From Approval Certificate, if applicable.

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

AT LEAST 30 days prior to the date fixed for any such prepayment or redemption a written notice of such prepayment or redemption shall be mailed by United States mail, postage prepaid, by the Paying Agent/Registrar to the registered owner hereof at the address of such registered owner appearing on the registration books of the Issuer kept by the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing of such notice. Any notice so mailed shall be conclusively presumed to have been duly given, whether or not the registered owner receives such notice. By the date fixed for any such prepayment or redemption due provision shall be made by the Issuer with the Paying Agent/Registrar for the payment of the required prepayment or redemption price for this Bond or the portion hereof which is to be so prepaid or redeemed, plus accrued interest thereon to the date fixed for prepayment or redemption. If such written notice of prepayment or redemption is given, and if due provision for such payment is made, all as provided above, this Bond, or the portion thereof which is to be so prepaid or redeemed, thereby automatically shall be treated as prepaid or redeemed prior to its scheduled due date, and shall not bear interest after the date fixed for its prepayment or redemption, and shall not be regarded as being outstanding except for the right of the registered owner to receive the prepayment or redemption price plus accrued interest to the date fixed for prepayment or redemption from the Paying Agent/Registrar out of the funds provided for such payment.

THIS BOND, to the extent of the unpaid or unredeemed principal balance hereof, or any unpaid and unredeemed portion hereof in any integral multiple of \$5,000, may be assigned by the initial registered owner hereof and shall be transferred only in the Registration Books of the Issuer kept by the Paying Agent/Registrar acting in the capacity of registrar for the Bonds, upon the terms and conditions set forth in the Bond Resolution. Among other requirements for such transfer, this Bond must be presented and surrendered to the Paying Agent/Registrar for cancellation, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment by the initial registered owner of this Bond, or any portion or portions hereof in any integral multiple of \$5,000, to the assignee or assignees in whose name or names this Bond or any such portion or portions hereof is or are to be transferred and registered. Any instrument or instruments of assignment satisfactory to the Paying Agent/Registrar may be used to evidence the assignment of this Bond or any such portion or portions hereof by the initial registered owner hereof. A new bond or bonds payable to such assignee or assignees (which then will be the new registered owner or owners of such new Bond or Bonds) or to the initial registered owner as to any portion of this Bond which is not being assigned and transferred by the initial registered owner, shall be delivered by the Paying Agent/Registrar in conversion of and exchange for this Bond or any

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

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

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

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

this Bond, together with other parity bonds, constitutes a special obligation of the Issuer payable from and secured by a first lien on and pledge of the Issuer's Gross Revenues from an "Upper East Fork Wastewater Interceptor System Contract", dated as of July 26, 1984 (the "Initial Contract"), among the Issuer and the Cities of Allen, McKinney, Plano, and Richardson, Texas (the "Initial Contracting Parties"), a "North Texas Municipal Water District - Upper East Fork Wastewater Interceptor System First Supplemental Contract (City of Frisco, Texas)", dated November 19, 1996 (the "Frisco Contract"), between the Issuer and the City of Frisco, Texas ("Frisco"), a "North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Supplemental Contract (City of Princeton, Texas)", dated November 26, 1996 (the "Princeton Contract") between the Issuer and the City of Princeton, Texas ("Princeton"), a "North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Supplemental Contract (Town of Prosper, Texas)", dated February 24, 2004 (the "Prosper Contract") between the Issuer and the Town of Prosper, Texas ("Prosper"), and a "North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Supplemental Contract (City of Melissa, Texas) dated April 1, 2019 (the "Melissa Contract"), between the Issuer and the City of Melissa, Texas ("Melissa") (the Initial Contract, the Frisco Contract, the Princeton Contract, the Prosper Contract, the Melissa Contract, and any similar future contracts with Additional Parties, as defined and permitted therein, the "Contract"), (the Initial Contracting Parties, Frisco, Princeton, Prosper, Melissa, and any other Additional Parties, the "Contracting Parties"), with respect to a wastewater transportation and disposal system to serve the Contracting Parties and others in the area of the Upper East Fork of the Trinity River, and designated as the "Interceptor System" in the Contract. It is specifically provided in the Contract that the Contracting Parties are obligated to make payments in amounts sufficient to pay the principal of and interest on this Bond, when due.

THIS BOND is on a parity in all respects with currently outstanding bonds of those issues of North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Contract Revenue Refunding and Improvement Bonds, Series 2012, authorized by a resolution adopted by the Board on August 23, 2012, North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Contract Revenue Refunding and Improvement Bonds, Series 2015, authorized by a resolution adopted by the Board on March 26, 2015, North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Contract Revenue Refunding and Improvement Bonds, Series 2016, authorized by a resolution adopted by the Board on August 25, 2016, North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Contract Revenue Bonds, Series 2017, authorized by a resolution adopted by the Board on March 23, 2017, North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Contract Revenue Refunding Bonds, Series 2017, authorized by a resolution adopted by the Board on November 29, 2017, North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Contract Revenue Bonds, Series 2018, authorized by a resolution adopted by the Board on February 22, 2018, North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Contract Revenue Bonds, Series 2019, authorized by a resolution adopted by the Board on July 25, 2019, North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Contract Revenue Bonds, Series 2020, authorized by a resolution adopted by the Board on May 28, 2020; North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Contract Revenue Bonds, Series 2021, authorized by a resolution adopted by the Board on August 26, 2021; North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Contract Revenue

Refunding and Improvement Bonds, Series 2024, authorized by a resolution adopted by the Board on August 22, 2024; and North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Contract Revenue Refunding and Improvement Bonds, Series 2025, authorized by a resolution adopted by the Board on September 25, 2025.

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

THE ISSUER also has reserved the right to amend the Bond Resolution with the approval of the holders owners of 51% in principal amount of all outstanding bonds secured by and payable from a first lien on and pledge of the aforesaid Gross Revenues, subject to the restrictions stated in said Bond Resolution.

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

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

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

XXXX
Secretary, Board of Directors,
North Texas Municipal Water District

XXXX
President, Board of Directors,
North Texas Municipal Water District

(SEAL)

* 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. ADDITIONAL CHARACTERISTICS OF THE BONDS. Registration and Transfer. (a) The Issuer shall keep or cause to be kept at the principal corporate trust office of THE BANK OF NEW YORK MELLON TRUST COMPANY, NATIONAL ASSOCIATION, in Dallas, Texas (the "Paying Agent/Registrar") books or records of the registration and transfer of the Bonds (the "Registration Books"), and the Issuer hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such transfers and registrations under such reasonable regulations as the Issuer and Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such transfers and registrations as herein provided. The Paying Agent/Registrar shall obtain and record in the Registration Books the address of the registered owner of each Bond to which payments with respect to the Bonds shall be mailed, as herein provided; but it shall be the duty of each registered owner to notify the Paying Agent/Registrar in writing of the address to which payments shall be mailed, and such interest payments shall not be mailed unless such notice has been given. The Issuer shall have the right to inspect the Registration Books during regular business hours of the Paying Agent/Registrar, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity. Registration of each Bond may be transferred in the Registration Books only upon presentation and surrender of such Bond to the Paying Agent/Registrar for transfer of registration and cancellation, together with proper written instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing (i) the assignment of the Bond, or any portion thereof in any integral multiple of \$5,000, to the assignee or assignees thereof, and (ii) the right of such assignee or assignees to have the Bond or any such portion thereof registered in the name of such assignee or assignees. Upon the assignment and transfer of any Bond or any portion thereof, a new substitute Bond or Bonds shall be issued in conversion and exchange therefor in the manner herein provided. The Initial Bond, to the extent of the unpaid or unredeemed principal balance thereof, may be assigned and transferred by the initial registered owner thereof once only, and to

one or more assignees designated in writing by the initial registered owner thereof. All Bonds issued and delivered in conversion of and exchange for the Initial Bond shall be in any denomination or denominations of any integral multiple of \$5,000 (subject to the requirement hereinafter stated that each substitute Bond shall have a single stated principal maturity date), shall be in the form prescribed in the FORM OF SUBSTITUTE BOND set forth in this Resolution, and shall have the characteristics, and may be assigned, transferred, and converted as hereinafter provided. If the Initial Bond or any portion thereof is assigned and transferred or converted the Initial Bond must be surrendered to the Paying Agent/Registrar for cancellation, and each Bond issued in exchange for any portion of the Initial Bond shall have a single stated principal maturity date, and shall not be payable in installments; and each such Bond shall have a principal maturity date corresponding to the due date of the installment of principal or portion thereof for which the substitute Bond is being exchanged; and each such Bond shall bear interest at the single rate applicable to and borne by such installment of principal or portion thereof for which it is being exchanged. If only a portion of the Initial Bond is assigned and transferred, there shall be delivered to and registered in the name of the initial registered owner substitute Bonds in exchange for the unassigned balance of the Initial Bond in the same manner as if the initial registered owner were the assignee thereof. If any Bond or portion thereof other than the Initial Bond is assigned and transferred or converted each Bond issued in exchange therefor shall have the same principal maturity date and bear interest at the same rate as the Bond for which it is exchanged. A form of assignment shall be printed or endorsed on each Bond, excepting the Initial Bond, which shall be executed by the registered owner or its duly authorized attorney or representative to evidence an assignment thereof. Upon surrender of any Bonds or any portion or portions thereof for transfer of registration, an authorized representative of the Paying Agent/Registrar shall make such transfer in the Registration Books, and shall deliver a new fully registered substitute Bond or Bonds, having the characteristics herein described, payable to such assignee or assignees (which then will be the registered owner or owners of such new Bond or Bonds), or to the previous registered owner in case only a portion of a Bond is being assigned and transferred, all in conversion of and exchange for said assigned Bond or Bonds or any portion or portions thereof, in the same form and manner, and with the same effect, as provided in Section 6(d), below, for the conversion and exchange of Bonds by any registered owner of a Bond. The Issuer shall pay the Paying Agent/Registrar's standard or customary fees and charges for making such transfer and delivery of a substitute Bond or Bonds, but the one requesting such transfer shall pay any taxes or other governmental charges required to be paid with respect thereto. The Paying Agent/Registrar shall not be required to make transfers of registration of any Bond or any portion thereof (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or, (ii) with respect to any Bond or any portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date.

(b) Ownership of Bonds. The entity in whose name any Bond shall be registered in the Registration Books at any time shall be deemed and treated as the absolute owner thereof for all purposes of this Resolution, whether or not such Bond shall be overdue, and the Issuer and the Paying Agent/Registrar shall not be affected by any notice to the contrary; and payment of, or on account of, the principal of, premium, if any, and interest on any such Bond shall be made only to such registered owner. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

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

(d) Conversion and Exchange or Replacement; Authentication. Each Bond issued and delivered pursuant to this Resolution, to the extent of the unpaid or unredeemed principal balance or principal amount thereof, may, upon surrender of such Bond at the principal corporate trust office of the Paying Agent/Registrar, together with a written request therefor duly executed by the registered owner or the assignee or assignees thereof, or its or their duly authorized attorneys or representatives, with guarantee of signatures satisfactory to the Paying Agent/Registrar, may, at the option of the registered owner or such assignee or assignees, as appropriate, be converted into and exchanged for fully registered bonds, without interest coupons, in the form prescribed in the FORM OF SUBSTITUTE BOND set forth in this Resolution, in the denomination of \$5,000, or any integral multiple of \$5,000 (subject to the requirement hereinafter stated that each substitute Bond shall have a single stated maturity date), as requested in writing by such registered owner or such assignee or assignees, in an aggregate principal amount equal to the unpaid or unredeemed principal balance or principal amount of any Bond or Bonds so surrendered, and payable to the appropriate registered owner, assignee, or assignees, as the case may be. If the Initial Bond is assigned and transferred or converted each substitute Bond issued in exchange for any portion of the Initial Bond shall have a single stated principal maturity date, and shall not be payable in installments; and each such Bond shall have a principal maturity date corresponding to the due date of the installment of principal or portion thereof for which the substitute Bond is being exchanged; and each such Bond shall bear interest at the single rate applicable to and borne by such installment of principal or portion thereof for which it is being exchanged. If any Bond or portion thereof (other than the Initial Bond) is assigned and transferred or converted, each Bond issued in exchange therefor shall have the same principal maturity date and bear interest at the same rate as the Bond for which it is being exchanged. Each substitute Bond shall bear a letter and/or number to distinguish it from each other Bond. The Paying Agent/Registrar shall convert and exchange or replace Bonds as provided herein, and each fully registered bond delivered in conversion of and exchange for or replacement of any Bond or portion thereof as permitted or required by any provision of this Resolution shall constitute one of the Bonds for all purposes of this Resolution, and may again be converted and exchanged or replaced. It is specifically provided that any Bond authenticated in conversion of and exchange for or replacement of another Bond on or prior to the first scheduled Record Date for the Initial Bond shall bear interest from the date of the Initial Bond, but each substitute Bond so authenticated after such first scheduled Record Date shall bear interest from the interest payment date next preceding the date on which such substitute Bond was so authenticated, unless such Bond is authenticated after any Record Date but on or before the next following interest payment date, in which case it shall bear interest from such next following interest payment date; provided, however, that if at the time of delivery of any substitute Bond the interest on the Bond for which it is being exchanged is due but has not been paid, then such Bond shall bear interest from the date to which such interest has been paid in full. THE INITIAL BOND issued and delivered pursuant to this Resolution is not required to be, and shall not be, authenticated by the Paying Agent/Registrar, but on each substitute Bond issued in

conversion of and exchange for or replacement of any Bond or Bonds issued under this Resolution there shall be printed a certificate, in the form substantially as follows:

"PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

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

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

Dated: _____

By: _____
Authorized Representative"

An authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Bond, date and manually sign the above Certificate, and no such Bond shall be deemed to be issued or outstanding unless such Certificate is so executed. The Paying Agent/Registrar promptly shall cancel all Bonds surrendered for conversion and exchange or replacement. No additional ordinances, orders, or resolutions need be passed or adopted by the governing body of the Issuer or any other body or person so as to accomplish the foregoing conversion and exchange or replacement of any Bond or portion thereof, and the Paying Agent/Registrar shall provide for the printing, execution, and delivery of the substitute Bonds in the manner prescribed herein, and said Bonds shall be of type composition printed on paper with lithographed or steel engraved borders of customary weight and strength. Pursuant to Chapter 1201, Texas Government Code, the duty of conversion and exchange or replacement of Bonds as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of the above Paying Agent/Registrar's Authentication Certificate, the converted and exchanged or replaced Bond shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Initial Bond which originally was issued pursuant to this Resolution, approved by the Attorney General, and registered by the Comptroller of Public Accounts. The Issuer shall pay the Paying Agent/Registrar's standard or customary fees and charges for transferring, converting, and exchanging any Bond or any portion thereof, but the one requesting any such transfer, conversion, and exchange shall pay any taxes or governmental charges required to be paid with respect thereto as a condition precedent to the exercise of such privilege of conversion and exchange. The Paying Agent/Registrar shall not be required to make any such conversion and exchange or replacement of Bonds or any portion thereof (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or, (ii) with respect to any Bond or portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date.

(e) In General. All Bonds issued in conversion and exchange or replacement of any

other Bond or portion thereof, (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on such Bonds to be payable only to the registered owners thereof, (ii) may be redeemed prior to their schedule maturities, (iii) may be transferred and assigned, (iv) may be converted and exchanged for other Bonds, (v) shall have the characteristics, (vi) shall be signed and sealed, and (vii) the principal of and interest on the Bonds shall be payable, all as provided, and in the manner required or indicated, in the FORM OF SUBSTITUTE BOND set forth in this Resolution.

(f) Payment of Fees and Charges. The Issuer hereby covenants with the registered owners of the Bonds that it will (i) pay the standard or customary fees and charges of the Paying Agent/Registrar for its services with respect to the payment of the principal of and interest on the Bonds, when due, and (ii) pay the fees and charges of the Paying Agent/Registrar for services with respect to the transfer of registration of Bonds, and with respect to the conversion and exchange of Bonds solely to the extent above provided in this Resolution.

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

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

FORM OF SUBSTITUTE BOND

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

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

NO. R-____ PRINCIPAL AMOUNT
\$ _____

STATE OF TEXAS
NORTH TEXAS MUNICIPAL WATER DISTRICT
UPPER EAST FORK WASTEWATER INTERCEPTOR SYSTEM
CONTRACT REVENUE ECP REFUNDING BOND,
[(TAXABLE)]*

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

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

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

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

THE PRINCIPAL OF AND INTEREST ON this Bond are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Bond shall be paid to the registered owner hereof upon presentation and surrender of this Bond at maturity or upon the date fixed for its redemption prior to maturity, at the principal corporate trust office of THE BANK OF NEW YORK MELLON TRUST COMPANY, NATIONAL ASSOCIATION, in Dallas, Texas, which is the "Paying Agent/Registrar" for this Bond. The payment of interest on this Bond shall be made by the Paying Agent/Registrar to the registered owner hereof on each interest payment date by check dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the Issuer required by the resolution authorizing the issuance of the Bonds (the "Bond Resolution") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the registered owner hereof, at the address of the registered owner, as it appeared on the 15th day of the month next preceding each such date (the "Record Date") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. However, notwithstanding the foregoing provisions, the payment of such interest may be made by any other method acceptable to the Paying Agent/Registrar and requested by, and at the risk and expense of, the registered owner hereof. Any accrued interest due upon the redemption of this Bond prior to maturity as provided herein shall be paid to the registered owner at the principal corporate trust office of the Paying Agent/Registrar upon presentation and surrender of this Bond for redemption and payment at the principal corporate trust office of the Paying Agent/Registrar. The Issuer covenants with the registered owner of this Bond that on or before each principal payment date, interest payment date, and accrued interest payment date for this Bond it will make available to the Paying Agent/Registrar, from the "Interest and Sinking Fund" created by the Bond Resolution, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Bonds, when due.

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

THIS BOND has been authorized in accordance with the Constitution and laws of the State of Texas for the purpose of obtaining funds (i) to refund a portion of the Issuer's outstanding "North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Contract Revenue Bonds—Extendable Commercial Paper Mode" and (ii) to pay costs of issuance of the Bonds.

ON _____, _____,* or on any date whatsoever thereafter, the unpaid installments of principal of this Bond may be prepaid or redeemed prior to their scheduled due dates, at the option of the Issuer, with funds derived from any available source, as a whole, or in part, and, if

* From Approval Certificate.

in part, the particular portion of this Bond to be prepaid or redeemed shall be selected and designated by the Issuer and within a maturity the particular Bonds or portions thereof to be selected by the Paying Agent/Registrar by lot or other customary method of random selection (provided that a portion of this Bond may be redeemed only in an integral multiple of \$5,000), at the prepayment or redemption price of the par or principal amount thereof, plus accrued interest to the date fixed for prepayment or redemption.

**[THE BONDS maturing on June 1, ____ and June 1, ____ (the "Term Bonds") are subject to mandatory redemption prior to maturity in part, by lot or other customary random method selected by the Paying Agent/Registrar, at a redemption price equal to the principal amount of the Term Bonds or portions thereof to be redeemed plus accrued interest to the redemption date, on June 1 in each of the years and in the principal amounts as follows:

Term Bonds maturing on June 1, ____

Years	Amounts
-------	---------

Term Bonds maturing on June 1, ____

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

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

AT LEAST 30 days prior to the date fixed for any such redemption a written notice of such redemption shall be mailed by United States mail, postage prepaid, by the Paying Agent/Registrar to the registered owner hereof at the address of such registered owner appearing on the registration books of the Issuer kept by the Paying Agent/Registrar at the close of business

** From Approval Certificate, if applicable.

on the business day next preceding the date of mailing of such notice. Any notice so mailed shall be conclusively presumed to have been duly given, whether or not the registered owner receives such notice. By the date fixed for any such redemption due provision shall be made by the Issuer with the Paying Agent/Registrar for the payment of the required redemption price for this Bond or the portion hereof which is to be so redeemed, plus accrued interest thereon to the date fixed for prepayment or redemption. If such written notice of redemption is given, and if due provision for such payment is made, all as provided above, this Bond, or the portion thereof which is to be so redeemed, thereby automatically shall be treated as redeemed prior to its scheduled maturity, and shall not bear interest after the date fixed for its redemption, and shall not be regarded as being outstanding except for the right of the registered owner to receive the redemption price plus accrued interest to the date fixed for redemption from the Paying Agent/Registrar out of the funds provided for such payment. If a portion of any Bond shall be redeemed a substitute Bond or Bonds having the same maturity date, bearing interest at the same rate, in any denomination or denominations in any integral multiple of \$5,000, at the written request of the registered owner, and in aggregate principal amount equal to the unredeemed portion thereof, will be issued to the registered owner upon the surrender thereof for cancellation, at the expense of the Issuer, all as provided in the Bond Resolution.

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

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

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

IT IS HEREBY certified, recited, and covenanted that this Bond has been duly and validly authorized, issued, sold, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this Bond have been performed, existed, and been done in accordance with law; that this Bond, together with other parity bonds, constitutes a special obligation of the Issuer payable from and secured by a first lien on and pledge of the Issuer's Gross Revenues from an "Upper East Fork Wastewater Interceptor System Contract", dated as of July 26, 1984 (the "Initial Contract"), among the Issuer and the Cities of Allen, McKinney, Plano, and Richardson, Texas (the "Initial Contracting Parties"), a "North Texas Municipal Water District - Upper East Fork Wastewater Interceptor System First Supplemental Contract (City of Frisco, Texas)", dated November 19, 1996 (the "Frisco Contract"), between the Issuer and the City of Frisco, Texas ("Frisco"), a "North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Supplemental Contract (City of Princeton, Texas)", dated November 26, 1996 (the "Princeton Contract") between the Issuer and the City of Princeton, Texas ("Princeton"), a "North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Supplemental Contract (Town of Prosper, Texas)", dated February 24, 2004 (the "Prosper Contract") between the Issuer and the Town of Prosper, Texas ("Prosper"), and a "North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Supplemental Contract (City of Melissa, Texas) dated April 1, 2019 (the "Melissa Contract"), between the

Issuer and the City of Melissa, Texas ("Melissa") (the Initial Contract, the Frisco Contract, the Princeton Contract, the Prosper Contract, the Melissa Contract, and any similar future contracts with Additional Parties, as defined and permitted therein, the "Contract"),(the Initial Contracting Parties, Frisco, Princeton, Prosper, Melissa, and any other Additional Parties, the "Contracting Parties"), with respect to a wastewater transportation and disposal system to serve the Contracting Parties and others in the area of the Upper East Fork of the Trinity River, and designated as the "Interceptor System" in the Contract. It is specifically provided in the Contract that the Contracting Parties are obligated to make payments in amounts sufficient to pay the principal of and interest on this Bond, when due.

THIS BOND is on a parity in all respects with currently outstanding bonds of those issues of North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Contract Revenue Refunding and Improvement Bonds, Series 2012, authorized by a resolution adopted by the Board on August 23, 2012, North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Contract Revenue Refunding and Improvement Bonds, Series 2015, authorized by a resolution adopted by the Board on March 26, 2015, North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Contract Revenue Refunding and Improvement Bonds, Series 2016, authorized by a resolution adopted by the Board on August 25, 2016, North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Contract Revenue Bonds, Series 2017, authorized by a resolution adopted by the Board on March 23, 2017, North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Contract Revenue Refunding Bonds, Series 2017, authorized by a resolution adopted by the Board on November 29, 2017, North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Contract Revenue Bonds, Series 2018, authorized by a resolution adopted by the Board on February 22, 2018, North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Contract Revenue Bonds, Series 2019, authorized by a resolution adopted by the Board on July 25, 2019, North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Contract Revenue Bonds, Series 2020, authorized by a resolution adopted by the Board on May 28, 2020; North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Contract Revenue Bonds, Series 2021, authorized by a resolution adopted by the Board on August 26, 2021; North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Contract Revenue Refunding and Improvement Bonds, Series 2024, authorized by a resolution adopted by the Board on August 22, 2024; and North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Contract Revenue Refunding and Improvement Bonds, Series 2025, authorized by a resolution adopted by the Board on September 25, 2025.

THE ISSUER has reserved the right, subject to the restrictions stated in the Bond Resolution, to issue Additional Bonds payable from and secured by a first lien on and pledge of the aforesaid Gross Revenues on a parity with this Bond and the series of which it is a part.

THE ISSUER also has reserved the right to amend the Bond Resolution with the approval of the holders of 51% in principal amount of all outstanding bonds secured by and payable from a first lien on and pledge of the aforesaid Gross Revenues, subject to the restrictions stated in the Bond Resolution.

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

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

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

(facsimile signature)
Secretary, Board of Directors,
North Texas Municipal Water District

(facsimile signature)
President, Board of Directors,
North Texas Municipal Water District

(DISTRICT SEAL)

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

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

THE BANK OF NEW YORK MELLON TRUST
COMPANY, NATIONAL ASSOCIATION,

Paying Agent/Registrar

Dated

Authorized Representative

FORM OF ASSIGNMENT

ASSIGNMENT

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

Please Insert Social Security or
Other Identifying Number of Assignee

/ _____ /

(Name and Address of Assignee)

the within Bond and does hereby irrevocably constitute and appoint
_____ to transfer said Bond on the books kept for registration thereof
with full power of substitution in the premises.

Date: _____

Signature Guaranteed: _____

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

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

Section 8. ADDITIONAL DEFINITIONS AND PLEDGE. (a) In addition to terms defined elsewhere in this Resolution, as used in this Resolution the following terms shall have the meanings set forth below, unless the text hereof specifically indicates otherwise:

The term "Additional Bonds" shall mean the additional parity revenue bonds permitted to be issued in the future as permitted by the 1985 Bond Resolution and this Resolution.

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

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

The term "Contract" shall mean the Upper East Fork Wastewater Interceptor System Contract, dated as of July 6, 1984, among the Issuer and the Initial Contracting Parties, a "North Texas Municipal Water District - Upper East Fork Wastewater Interceptor System First Supplemental Contract (City of Frisco, Texas)," dated November 19, 1996, between the Issuer and the City of Frisco, Texas, a "North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Supplemental Contract (City of Princeton, Texas)," dated November 26, 1996, between the Issuer and the City of Princeton, Texas, a "North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Supplemental Contract (Town of Prosper, Texas)," dated February 24, 2004, between the Issuer and the Town of Prosper, Texas, and a "North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Supplemental Contract (City of Melissa, Texas)," dated April 1, 2019 between the Issuer and the City of Melissa, Texas, with respect to the acquisition and construction by the Issuer, for the benefit of the Contracting Parties and others, of the Interceptor System, together with similar contracts, if any, which may be executed in the future between the Issuer and Additional Contracting Parties, as defined and permitted in the aforesaid contract.

The term "Contracting Parties" shall mean the Initial Contracting Parties, the City of Frisco, Texas, the City of Princeton, Texas, the Town of Prosper, Texas, the City of Melissa, Texas together with any other party or parties which becomes one of the Contracting Parties by becoming an Additional Contracting Party as defined in and permitted by the Contract.

The term "Gross Revenues" shall mean all of the revenues or payments received by the Issuer under the Contract.

The terms "Interceptor System" and "System" shall mean a wastewater transportation and disposal system in the area of the Upper East Fork of the Trinity River and designated as the "Interceptor System" in the Contract.

The term "Initial Contracting Parties" shall mean collectively the Cities of Allen, McKinney, Plano, and Richardson, Texas.

The term "1985 Bond Resolution" shall mean the resolution adopted by the Board on February 28, 1985, authorizing the issuance of the "North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Revenue Bonds, Series 1985," the initial issuance of bonds by the Issuer to provide the System

The term "Parity Bonds" shall mean collectively the Bonds, any Additional Bonds, and the unpaid and unrefunded bonds out of the following described Series which will be outstanding after the issuance and delivery of the Bonds: North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Contract Revenue Refunding and Improvement Bonds, Series 2012, authorized by a resolution adopted by the Board on August 23, 2012, North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Contract Revenue

Refunding and Improvement Bonds, Series 2015, authorized by a resolution adopted by the Board on March 26, 2015, North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Contract Revenue Refunding and Improvement Bonds, Series 2016, authorized by a resolution adopted by the Board on August 25, 2016, North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Contract Revenue Bonds, Series 2017, authorized by a resolution adopted by the Board on March 23, 2017, North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Contract Revenue Refunding Bonds, Series 2017, authorized by a resolution adopted by the Board on November 29, 2017, North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Contract Revenue Bonds, Series 2018, authorized by a resolution adopted by the Board on February 22, 2018, North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Contract Revenue Bonds, Series 2019, authorized by a resolution adopted by the Board on July 25, 2019, North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Contract Revenue Bonds, Series 2020, authorized by a resolution adopted by the Board on May 28, 2020, North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Contract Revenue Bonds, Series 2021, authorized by a resolution adopted by the Board on August 26, 2021, North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Contract Revenue Refunding and Improvement Bonds, Series 2024, authorized by a resolution adopted by the Board on August 22, 2024, and North Texas Municipal Water District Upper East Fork Wastewater Interceptor System Contract Revenue Refunding and Improvement Bonds, Series 2025, authorized by a resolution adopted by the Board on September 25, 2025.

The term "year" shall mean the 12 month period beginning each October 1, or such other 12 month period hereafter established by the Issuer as a fiscal year for the purposes of this Resolution.

(b) The Bonds authorized by this Resolution are hereby designated as, and shall be, additional parity revenue bonds as permitted by Section 17 of the 1985 Bond Resolution and it is hereby determined, declared, and resolved that all of the Parity Bonds, including the Bonds authorized by this Resolution, are and shall be secured and payable equally and ratably on a parity, and that Sections 8 through 23 of this Resolution substantially restate and are supplemental to and cumulative of Sections 8 through 23 of the resolutions authorizing the issuance of the Parity Bonds, with Sections 8 through 23 of this Resolution being equally applicable to all of the Parity Bonds, including the Bonds.

(c) It is specifically recognized that the Contracting Parties are required to make payments to the Issuer pursuant to the Contract, and particularly under Sections 11 and 14 thereof, sufficient to enable the Issuer to make all deposits and payments provided for herein, and that all Parity Bonds, and the interest thereon, are and shall be payable from and secured by a first lien on and pledge of all of the Gross Revenues, and the Gross Revenues are further pledged irrevocably to the establishment and maintenance of the Funds hereinafter described.

Section 9. SPECIAL FUNDS. All Gross Revenues shall be accounted for separate and apart from all other funds of the Issuer, and the following special Funds have been created and

established and are hereby confirmed and shall be maintained on the books of the Issuer, so long as any of the Parity Bonds, or interest thereon, are outstanding and unpaid:

- (a) the Revenue Fund;
- (b) the Interest and Sinking Fund (which shall be kept and maintained at The Bank of New York Mellon Trust Company, National Association, Dallas, Texas); and
- (c) the Reserve Fund (which shall be kept and maintained at The Bank of New York Mellon Trust Company, National Association, Dallas, Texas).

Section 10. REVENUE FUND. All Gross Revenues shall be credited as received by the Issuer to the Revenue Fund, and shall be deposited from the Revenue Fund into the other Funds created by this Resolution, in the manner and amounts hereinafter provided, and each of such Funds shall have priority as to such deposits in the order in which they are treated in the following Sections.

Section 11. INTEREST AND SINKING FUND. There shall be deposited into the Interest and Sinking Fund the following:

- (a) immediately after the delivery of the Initial Bond all accrued interest, if any, from the proceeds from the sale of the Initial Bond shall be deposited to the credit of the Interest and Sinking Fund.
- (b) on or before the last day of the month preceding each interest payment date for the Bonds, an amount equal to the interest and/or principal and interest coming due on all Parity Bonds on the next succeeding interest payment date, including any principal required to be redeemed prior to maturity on such date.

The Interest and Sinking Fund shall be used solely to pay the principal of and interest on the Parity Bonds as such principal matures and such interest comes due.

Section 12. RESERVE FUND. Out of proceeds of the Bonds, there shall be deposited to the credit of the Reserve Fund an amount, if any, sufficient to result in there being on deposit in the Reserve Fund, money and/or investments at least equal in market value to the average annual principal and interest requirements for all the Parity Bonds which will be outstanding after the delivery of the Initial Bond (the "Reserve Required Amount"). No deposits shall be made into the Reserve Fund as long as the money and investments in the Reserve Fund are at least equal in market value to the Reserve Required Amount; but if and whenever the market value of money and investments in the Reserve Fund is reduced below said Reserve Required Amount because of a decrease in market value of investments, then the Issuer shall require the Contracting Parties to increase their payments under the Contract as soon as practicable, and in any event within one year, in an amount sufficient to restore the Reserve Fund to the Reserve Required Amount; and in the event the Reserve Fund is used to pay the principal of or interest on any Parity Bonds because of insufficient amounts being available in the Interest and Sinking Fund, then the Issuer

shall require the Contracting Parties to increase their payments under the Contract in an amount sufficient to restore the Reserve Fund to the Reserve Required Amount, and the Issuer shall deposit, in the Reserve Fund, in approximately equal periodic payments, not less than annual, such amounts as are required to restore the Reserve Fund to the Reserve Required Amount within five years from any date of the use of the Reserve Fund to pay such principal or interest. The Reserve Fund shall be used solely to pay the principal of or interest on the Parity Bonds at any time when there is not sufficient money available in the Interest and Sinking Fund for such purpose, or finally to pay and retire the last of the outstanding Parity Bonds.

Section 13. INVESTMENTS. Money in any Fund maintained pursuant to this Resolution may, at the option of the Issuer, be placed in secured time deposits or certificates of deposit secured by obligations of the type hereinafter described, or be invested in direct obligations of the United States of America, obligations guaranteed or insured by the United States of America, obligations guaranteed or insured by the United States of America, which, in the opinion of the Attorney General of the United States, are backed by its full faith and credit or represent its general obligations, or invested in indirect obligations of the United States of America, including, but not limited to, evidences of indebtedness issued, insured, or guaranteed by such governmental agencies as the Federal Land Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, Federal Home Loan Banks, Government National Mortgage Association, United States Postal Service, Farmers Home Administration, Federal Home Loan Mortgage Association, Small Business Administration, Federal Housing Association, or Participation Certificates in the Federal Assets Financing Trust. Such deposits and investments shall be made consistent with the estimated requirements of such Funds, and any obligation in which money is so invested shall be kept and held at the bank at which the Fund is maintained for the benefit of the owners of the Parity Bonds, and shall be promptly sold and the proceeds of sale applied to the making of all payments required to be made from the Fund from which the investment was made. All earnings from the deposit or investment of any such Fund shall be credited to such Fund. It is provided, however, that when the Reserve Fund contains an amount in excess of the Required Reserve Amount, such excess shall be deposited into the Interest and Sinking Fund, and thereby reduce the amounts which otherwise would be required to be deposited into the Interest and Sinking Fund, with the result that the Contracting Parties' semiannual principal and/or interest payments under the Contract shall be reduced accordingly.

Section 14. DEFICIENCIES IN FUNDS. If the Issuer should fail at any time to deposit into any Fund maintained pursuant to this Resolution the full amounts required, amounts equivalent to such deficiencies shall be set apart and paid into said Funds from the first available Gross Revenues, and such payments shall be in addition to the amounts otherwise required to be deposited into said Funds.

Section 15. ISSUER'S EXPENSES. The Gross Revenues in excess of those necessary to maintain the Funds as required in this Resolution, or as hereafter may be required in connection with the issuance of additional parity revenue bonds, shall be used by the Issuer to pay its expenses attributable to the Parity Bonds and the Interceptor System, as described in the Contract and acquired and constructed in accordance with the Contract, including the fees and charges of the Paying Agent/Registrar, and all costs and expenses of operating and maintaining the

Interceptor System.

Section 16. SECURITY FOR FUNDS. All Funds maintained pursuant to this Resolution shall be secured in the manner and to the fullest extent permitted or required by law for the security of public funds, and such Funds shall be used only for the purposes and in the manner permitted or required by this Resolution.

Section 17. ADDITIONAL BONDS. The Issuer reserves the right to issue additional parity revenue bonds only for the purpose of refunding any Parity Bonds and/or for the purpose of completing the acquisition and construction of the "Interceptor System", as described in the Contract, and/or to improve and/or extend the Interceptor System. Such additional parity revenue bonds shall be considered, constitute, and be defined as "Bonds" and "Parity Bonds", respectively, for all purposes of the Contract and this Resolution, and when issued and delivered, they shall be payable from and secured by a first lien on and pledge of the Gross Revenues, in the same manner and to the same extent as the other Parity Bonds; and all of the Parity Bonds shall in all respects be on a parity and of equal dignity. The additional parity revenue bonds may be issued in one or more installments or series, provided, however, that no such installment or series shall be issued unless:

(a) a certificate is executed by the President and Secretary of the Board of Directors of the Issuer to the effect that no default exists in connection with any of the covenants or requirements of the resolution or resolutions authorizing the issuance of all then outstanding Parity Bonds, and that the Interest and Sinking Fund and the Reserve Fund each contains the amount then required to be on deposit therein;

(b) the resolution authorizing the issuance of such installment or series of bonds shall provide for the payment of the principal of and interest on such bonds, and that the aggregate amount to be accumulated and maintained in the Reserve Fund shall, if and to the extent necessary, be increased (within five years from the date of such installment or series of bonds, and in approximately equal deposits, not less than annual) to an aggregate amount at least equal to the average annual principal and interest requirements for all Parity Bonds to be outstanding after the issuance and delivery of the installment or series of Parity Bonds then proposed to be issued;

(c) all calculations of average annual principal and interest requirements made pursuant to this Section are to be made as of and from the date of the installment or series of Parity Bonds then proposed to be issued.

Section 18. ACCOUNTS AND RECORDS. The Issuer shall keep proper books of records and accounts, separate from all other records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the Contract. The Issuer shall have said books audited once each Issuer fiscal year by a Certified Public Accountant.

Section 19. ACCOUNTING REPORTS. Within ninety days after the close of each Issuer fiscal year the Issuer will furnish, without cost, to the original purchasers of the Parity

Bonds, and to any owner of any outstanding Parity Bond who may so request, a signed or certified copy of a report by a Certified Public Accountant covering the next preceding fiscal year, showing the following information:

- (a) A detailed statement of all Gross Revenues;
- (b) Balance sheet as of the end of said fiscal year.

Section 20. INSPECTION. Any owner or owners of any Parity Bonds shall have the right at all reasonable times to inspect all records, accounts, and data of the Issuer relating to the Contract and the Funds maintained pursuant to this Resolution.

Section 21. SPECIAL COVENANTS. The Issuer further covenants as follows:

(a) that other than for the payment of the Parity Bonds the Gross Revenues have not in any manner been pledged to the payment of any debt or obligation of the Issuer.

(b) that while any of the Parity Bonds are outstanding, the Issuer will not, with the exception of the additional parity revenue bonds expressly permitted by this Resolution to be issued, additionally encumber the Gross Revenues.

(c) that the Issuer will carry out all of its obligations under the Contract; and when or if necessary will promptly enforce and cause the Contracting Parties to carry out all of their obligations under the Contract, for the benefit of the Issuer and the owners of the Parity Bonds, by all legal and equitable means, including the use of mandamus proceedings against the Contracting Parties.

Section 22. PARITY BONDS ARE SPECIAL OBLIGATIONS. The Parity Bonds shall be special obligations of the Issuer payable solely from the pledged Gross Revenues, and the registered owner or owners of the Parity Bonds shall never have the right to demand payment thereof out of funds raised or to be raised by the levy of taxes by the Issuer.

Section 23. AMENDMENT OF RESOLUTION. (a) The owners of Parity Bonds aggregating 51% in principal amount of the aggregate principal amount of then outstanding Parity Bonds shall have the right to approve any amendment to any resolution authorizing the issuance of Parity Bonds, which may be deemed necessary or desirable by the Issuer, provided, however, that nothing herein contained shall permit or be construed to permit the amendment of the terms and conditions in said resolutions or in the Parity Bonds so as to:

- (1) Make any change in the maturity of the outstanding Parity Bonds;
- (2) Reduce the rate of interest borne by any of the outstanding Parity Bonds;
- (3) Reduce the amount of the principal payable on the outstanding Parity Bonds;

- (4) Modify the terms of payment of principal of or interest on the outstanding Parity Bonds, or impose any conditions with respect to such payment;
- (5) Affect the rights of the holders of less than all of the Parity Bonds then outstanding;
- (6) Change the minimum percentage of the principal amount of Parity Bonds necessary for consent to such amendment.

(b) If at any time the Issuer shall desire to amend a resolution under this Section, the Issuer shall cause notice of the proposed amendment to be published in a financial newspaper or journal published in the City of New York, New York, or in the City of Austin, Texas, once during each calendar week for at least two successive calendar weeks. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy thereof is on file at the principal office of each Paying Agent/Registrar for the Parity Bonds for inspection by all owners of Parity Bonds. Such publication is not required, however, if notice in writing is given to each owner of Parity Bonds.

(c) Whenever at any time not less than thirty days, and within one year, from the date of the first publication of notice or other service of written notice the Issuer shall receive an instrument or instruments executed by the owners of at least 51% in aggregate principal amount of all Parity Bonds then outstanding, which instrument or instruments shall refer to the proposed amendment described in said notice and which specifically consent to and approve such amendment in substantially the form of the copy thereof on file as aforesaid, the Issuer may adopt the amendatory resolution in substantially the same form.

(d) Upon the adoption of any amendatory resolution pursuant to the provisions of this Section, the resolution being amended shall be deemed to be amended in accordance with the amendatory resolution, and the respective rights, duties, and obligations of the Issuer and all the holders or owners of the then outstanding Parity Bonds and all future Parity Bonds shall thereafter be determined, exercised, and enforced hereunder, subject in all respects to such amendment.

(e) Any consent given by the owner of a Parity Bond pursuant to the provisions of this Section shall be irrevocable for a period of six months from the date of the first publication of the notice provided for in this Section, and shall be conclusive and binding upon all future owners of the same Parity Bond during such period. Such consent may be revoked at any time after six months from the date of the first publication of such notice by the owner who gave such consent, or by a successor in title, by filing notice thereof with each Paying Agent/Registrar for the Parity Bonds, and the Issuer, but such revocation shall not be effective if the owners of 51% in aggregate principal amount of the then outstanding Parity Bonds as in this Section defined have, prior to the attempted revocation, consented to and approved the amendment.

(f) For the purpose of this Section, the ownership of all Parity Bonds shall be ascertained by the registration books pertaining thereto kept by the Paying Agent/Registrar. The

Issuer may conclusively assume that such holding or ownership continues until written notice to the contrary is served upon the Issuer.

Section 24. DEFEASANCE OF BONDS. (a) The Initial Bond and each of the other Bonds and the interest thereon shall be deemed to be paid, retired, and no longer outstanding (a "Defeased Bond") within the meaning of this Resolution, except to the extent provided in subsection (d) of this Section, when payment of the principal of such Bond, plus interest thereon to the due date (whether such due date be by reason of maturity, upon redemption, or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof (including the giving of any required notice of redemption), or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar for such payment (1) lawful money of the United States of America sufficient to make such payment or (2) Government Obligations which mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to provide for such payment, and when proper arrangements have been made by the Issuer with the Paying Agent/Registrar for the payment of its services until all Defeased Bonds shall have become due and payable. At such time as a Bond shall be deemed to be a Defeased Bond hereunder, as aforesaid, such Bond and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the Gross Revenues as provided in this Resolution, and such principal and interest shall be payable solely from such money or Government Obligations.

(b) Any moneys so deposited with the Paying Agent/Registrar may at the written direction of the Issuer also be invested in Government Obligations, maturing in the amounts and times as hereinbefore set forth, and all income from such Government Obligations received by the Paying Agent/Registrar which is not required for the payment of the Bonds and interest thereon, with respect to which such money has been so deposited, shall be turned over to the Issuer, or deposited as directed in writing by the Issuer.

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

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

Section 25. DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED BONDS.

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

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

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

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

(e) Authority for Issuing Replacement Bonds. In accordance with Chapter 1201, Texas Government Code, this Section of this Resolution shall constitute authority for the issuance of any such replacement bond without necessity of further action by the governing body of the Issuer or any other body or person, and the duty of the replacement of such bonds is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such Bonds in the form and manner and with the effect, as provided in Section 6(d) of this Resolution for Bonds issued in conversion and exchange for other Bonds.

Section 26. COVENANTS REGARDING TAX-EXEMPTION. The provisions of this Section 26 shall apply to the Bonds only if the Bonds are issued as tax-exempt obligations as designated in the Approval Certificate. (a) Covenants. The Issuer covenants to refrain from any action which would adversely affect, or to take such action to assure, the treatment of the Bonds

as obligations described in section 103 of the Internal Revenue Code of 1986 (the "Code"), the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation. In furtherance thereof, the Issuer covenants as follows:

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

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

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

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

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

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

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

(B) amounts invested in a bona fide debt service fund, within the

meaning of section 1.148-1(b) of the Treasury Regulations, and

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

(7) to otherwise restrict the use of the proceeds of the Bonds or amounts treated as proceeds of the Bonds, as may be necessary, so that the Bonds do not otherwise contravene the requirements of section 148 of the Code (relating to arbitrage);

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

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

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

(c) Rebate Fund. In order to facilitate compliance with the above covenant (a)(9), a "Rebate Fund" is hereby established by the Issuer for the sole benefit of the United States of

America, and such fund shall not be subject to the claim of any other person, including without limitation, the bondholders. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

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

Section 27. **DISPOSITION OF PROJECT.** If the Bonds are issued on a tax-exempt basis, the Issuer covenants that the property financed or refinanced with proceeds of the Bonds (the "Project") will not be sold or otherwise disposed in a transaction resulting in the receipt by the Issuer of cash or other compensation, unless the Issuer obtains an opinion of nationally-recognized bond counsel that such sale or other disposition will not adversely affect the tax-exempt status of the Bonds. For purposes of the foregoing, the portion of the property comprising personal property and disposed in the ordinary course shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes hereof, the Issuer shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

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

Section 29. **INTEREST EARNINGS ON BOND PROCEEDS.** Interest earnings derived from the investment of proceeds from the sale of the Initial Bond shall be used along with other proceeds for the improvement and extension of the Project, provided that after completion of the Project, if any of such interest earnings remain on hand such interest earnings shall be deposited in the Interest and Sinking Fund. It is further provided, however, that any interest earnings on Initial Bond proceeds which are required to be rebated to the United States of America pursuant to this Resolution to prevent the Bonds from being "arbitrage bonds" within the meaning of the Code shall be so rebated and not considered as interest earnings for the purposes of this Section.

Section 30. **CUSTODY, APPROVAL, AND REGISTRATION OF BONDS; BOND COUNSEL'S OPINION, CUSIP NUMBERS, AND PREAMBLE.** The President of the Board

and any Authorized Officer is hereby authorized to have control of the Initial Bond issued hereunder and all necessary records and proceedings pertaining to the Initial Bond pending its delivery and its investigation, examination, and approval by the Attorney General of the State of Texas, and its registration by the Comptroller of Public Accounts of the State of Texas. Upon registration of the Initial Bond said Comptroller of Public Accounts (or a deputy designated in writing to act for said Comptroller) shall manually sign the Comptroller's Registration Certificate on or attached to the Initial Bond, and the seal of said Comptroller shall be impressed, or placed in facsimile, on the Initial Bond. The approving legal opinion of the Issuer's Bond Counsel and the assigned CUSIP numbers may, at the option of the Issuer, be printed on the Initial Bond or on any Bond issued and delivered in conversion of and exchange or replacement of any Bond, but neither shall have any legal effect, and shall be solely for the convenience and information of the registered owners of the Bonds. The preamble to this Resolution is hereby adopted and made a part hereof for all purposes.

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

Section 32. OFFICIAL STATEMENT. A Preliminary Official Statement relating to the Bonds is hereby authorized to be approved by an Authorized Officer distributed to prospective investors and other interested parties in connection with an underwriting and sale of the Bonds, with such changes therein as shall be approved by an Authorized Officer, including such changes as are necessary for distribution as a final Official Statement. It is further officially found, determined, and declared that the statements and representations contained in said Preliminary Official Statement are true and correct in all material respects. The use and distribution by the Purchaser of the Official Statement relating to the Bonds, is hereby approved. For the purpose of review by the Purchaser prior to purchasing the Bonds, the Issuer deems said Preliminary Official Statement to have been "final as of its date" within the meaning of Securities and Exchange Commission Rule 15c2-12.

Section 33. DTC REGISTRATION. The Bonds initially issued in exchange and substitution for the Initial Bond shall be issued and delivered in such manner that no physical distribution of the Bonds will be made to the public, and the Depository Trust Company ("DTC"), New York, New York, initially will act as depository for the Bonds. DTC has represented that it is a limited purpose trust company incorporated under the laws of the State of

New York, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered under Section 17A of the federal Securities Exchange Act of 1934, as amended, and the Issuer accepts, but in no way verifies, such representations. The Initial Bond authorized by this Resolution shall be delivered to and registered in the name of the Purchaser. However, it is a condition of delivery and sale that the Purchaser, immediately after such delivery, shall cause the Paying Agent/Registrar, as provided for in this Resolution, to cancel said Initial Bond and deliver in exchange therefor a substitute Bond for each maturity of the Initial Bond, as provided for in this Resolution, with each such substitute Bond to be registered in the name of CEDE & CO., the nominee of DTC, and it shall be the duty of the Paying Agent/Registrar to take such action. It is expected that DTC will hold the Bonds on behalf of the Purchaser and/or the DTC Participants, as defined and described in the Official Statement referred to and approved in Section 32 hereof (the "DTC Participants"). So long as each Bond is registered in the name of CEDE & CO., the Paying Agent/Registrar shall treat and deal with DTC in all respects the same as if it were the actual and beneficial owner thereof. It is expected that DTC will maintain a book entry system which will identify beneficial ownership of the Bonds by DTC Participants in integral amounts of \$5,000, with transfers of ownership being effected on the records of DTC and the DTC Participants pursuant to rules and regulations established by them, and that the substitute Bonds initially deposited with DTC shall be immobilized and not be further exchanged for substitute Bonds except as hereinafter provided. The Issuer is not responsible or liable for any functions of DTC, will not be responsible for paying any fees or charges with respect to its services, will not be responsible or liable for maintaining, supervising, or reviewing the records of DTC or the DTC Participants, or protecting any interests or rights of the beneficial owners of the Bonds. It shall be the duty of the Purchaser and the DTC Participants to make all arrangements with DTC to establish this book-entry system, the beneficial ownership of the Bonds, and the method of paying the fees and charges of DTC. The Issuer does not represent, nor does it in any way covenant that the initial book-entry system established with DTC will be maintained in the future. The Issuer reserves the right and option at any time in the future, in its sole discretion, to terminate the DTC (CEDE & CO.) book-entry only registration requirement described above, and to permit the Bonds to be registered in the name of any owner. If the Issuer exercises its right and option to terminate such requirement, it shall give written notice of such termination to the Paying Agent/Registrar and to DTC, and thereafter the Paying Agent/Registrar shall, upon presentation and proper request, register any Bond in any name as provided for in this Resolution. Notwithstanding the initial establishment of the foregoing book-entry system with DTC, if for any reason any of the originally delivered substitute Bonds is duly filed with the Paying Agent/Registrar with proper request for transfer and substitution, as provided for in this Resolution, substitute Bonds will be duly delivered as provided in this Resolution, and there will be no assurance or representation that any book-entry system will be maintained for such Bonds.

Section 34. FURTHER PROCEDURES. The President and Secretary, respectively, of the Board of Directors of the Issuer and any Authorized Officer, and all other officers, employees, and agents of the Issuer, and each of them, shall be and they are hereby expressly authorized, empowered, and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge, and deliver in the name and under the corporate seal and on behalf of the Issuer all such instruments, whether or not herein mentioned,

as may be necessary or desirable in order to carry out the terms and provisions of this Bond Resolution, the Bonds, the sale of the Bonds, and any Notice of Sale and/or Official Statement. In case any officer whose signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

Section 35. CONTINUING DISCLOSURE UNDERTAKING.

(a) Annual Reports.

The Issuer shall provide or cause to be provided annually to the MSRB, (1) within six months after the end of each fiscal year ending in or after 2026, financial information and operating data of the general type included in the final Official Statement authorized by Section 32 of this Resolution, (i) with respect to the Issuer, in tables numbered _____, and (ii) with respect to each Significant Obligated Person in Appendix C, and (2) when and if available, audited financial statements of the Issuer and each Significant Obligated Person. Any financial statements so to be provided shall be prepared in accordance with generally accepted accounting principles or such other accounting principles as the Issuer or any such Significant Obligated Person may be required to employ from time to time pursuant to state law or regulation. If the audit of such financial statements of the Issuer or a Significant Obligated Person is not complete within 12 months after the respective fiscal year end, then the Issuer shall provide or cause to be provided by each Significant Obligated Person unaudited financial statements within such 12-month period and audited financial statements when and if the audit report on such statements become available.

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

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

(b) Event Notices.

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

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;

3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. If the Bonds are issued as tax-exempt obligations, adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
7. Modifications to the rights of security holders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution or sale of property securing repayment of the securities, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Issuer or a Significant Obligated Person;
13. The consummation of a merger, consolidation, or acquisition involving the Issuer or a Significant Obligated Person or the sale of all or substantially all of the assets of the Issuer or a Significant Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.
15. Incurrence of a Financial Obligation of the Issuer or a Significant Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer or a Significant Obligated Person, any of which affect security holders, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer or a Significant Obligated Person, any of which reflect financial difficulties.

For these purposes, (a) any event described in the immediately preceding paragraph 12 is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Issuer or a Significant Obligated Person in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers of the Issuer or a Significant Obligated Person in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer or a Significant Obligated Person and (b) as used in clauses 15 and 16 above, the term "Financial Obligation" means: (i) a debt obligation; (ii) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term Financial Obligation shall not include Municipal Securities as to which a final official statement has been provided to the MSRB consistent with the Rule; the term "Municipal Securities" means securities which are direct obligations of, or obligations guaranteed as to principal or interest by, a state or any political subdivision thereof, or any agency or instrumentality of a state or any political subdivision thereof, or any municipal corporate instrumentality of one or more states and any other Municipal Securities described by Section 3(a)(29) of the Securities Exchange Act of 1934, as the same may be amended from time to time.

The Issuer shall notify or cause the appropriate Significant Obligated Person to notify, in an electronic format as prescribed by the MSRB, the MSRB, in a timely manner, of any failure by the Issuer or any such Significant Obligated Person to provide financial information or operating data in accordance with Section 35(a) of this Resolution by the time required by such Section.

(c) Limitations, Disclaimers, and Amendments.

The Issuer shall be obligated to observe and perform or cause a Significant Obligated Person to observe and perform the covenants specified in this Section for so long as, but only for so long as, such Significant Obligated persons remains a "Significant Obligated Person" with respect to the Bonds, except that the Issuer in any event will give notice of any deposit made in accordance with Section 26 hereof that causes Bonds no longer to be Outstanding.

The provisions of this Section are for the sole benefit of the Holders and beneficial owners of the Bonds, and nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The Issuer undertakes to provide or cause to be provided only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section and does not hereby undertake to provide or cause to be provided any other information that may be relevant or material to a complete presentation of the Issuer's or any Significant Obligated Person's financial results, condition or prospects or hereby undertake to update any

information provided in accordance with this Section or otherwise, except as expressly provided herein. The Issuer does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

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

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

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

The provisions of this Section may be changed prior to delivery of the Bonds in order to conform to the requirements of any amendments to the Rule which become applicable to the Bonds prior to the delivery thereof to the purchaser. Any such changes shall be approved by the Authorized Officer as evidenced by the Approval Certificate.

The provisions of this Section may be amended by the Issuer from time to time after issuance of the Bonds to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identify, nature, status, or type of operations of the Issuer or any Significant Obligated Person, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a) the Holders of a majority in aggregate principal amount (or any greater amount required by any other provision of this Resolution that authorizes such an amendment) of the outstanding Bonds consent to such amendment or (b) a Person that is unaffiliated with the Issuer (such as nationally recognized bond counsel) determined that such amendment will not materially impair the interest of the Holders and beneficial owners of the Bonds. If the Issuer so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided in accordance with Subsection (a) hereof an explanation, in narrative form, of the reason for the amendment and of the impact of any change in the type of financial information or operating data so provided. The Issuer may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds.

(d) Definitions.

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

"MSRB" means the Municipal Securities Rulemaking Board.

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

"SEC" means the United States Securities and Exchange Commission and any successor to its duties.

"*Significant Obligated Person*" means, at any point in time, any Contracting Party, Additional Contracting Party, or other party contracting with the Issuer, in any case whose payments to the Issuer for the use of or service from the System in the calendar year preceding any such determination, exceeded 10% of the Gross Revenues of the System.

Section 36. REFUNDING OF REFUNDED BONDS; DEPOSIT AGREEMENT. Concurrently with the delivery of the Initial Bond the Issuer shall cause to be deposited an amount from the proceeds from the sale of the Initial Bond and other available sources, if any, the transfer of which is hereby authorized, with The Bank of New York Mellon Trust Company, National Association, Dallas, Texas (the legal successor to all paying agent/registrars and other corporate trust functions of The Bank of New York Trust Company, National Association), as bank (the "Bank"), sufficient to provide for the refunding of all of the Refunded Bonds, as defined and described in the preamble to this Resolution, in accordance with Chapter 1207, Texas Government Code, as amended. The President and the Secretary of the Board of Directors of the Issuer are hereby authorized, for and on behalf of the Issuer, to execute a Deposit Agreement in substantially the form set forth in Exhibit B hereto, to accomplish such purpose. In addition, an Authorized Officer is authorized to transfer and deposit such cash from available funds (including surplus funds in the Interest and Redemption Fund and/or the Reserve Fund), as may be necessary for the Escrow Fund described in such Deposit Agreement. If, prior to the delivery of the Initial Bond, another entity should become the legal successor to the corporate trust and paying agent/registrars functions of The Bank of New York Mellon Trust Company, National Association, the President and Secretary are authorized to execute such appropriate Deposit Agreement with such successor Bank. It is hereby found and determined that the refunding of the Refunded Bonds is advisable and necessary in order to restructure the principal and interest requirements of the Issuer, and that the issuance of the Bonds will result in a reduction in the amount of principal and interest which otherwise would be payable from the Gross Revenues with respect to the Refunded Bonds, both on an actual and a present value basis.

Section 37. REDEMPTION OF REFUNDED BONDS. (a) The Refunded Bonds shall be paid upon the earlier of their stated maturity dates or the earliest redemption dates for which notice of redemption can be given pursuant to the Master Resolution, in each case at a price of par plus accrued interest to the date of payment. As soon as practicable after sale of the Bonds,

appropriate notices of redemption shall be delivered to the paying agent/registrar for the Refunded Bonds to notify, in accordance with the requirements of the Master Resolution, the owners of the Refunded Bonds of the call for redemption thereof.

(b) In addition, the paying agent/registrar for the Refunded Bonds is hereby directed to provide the appropriate notices of redemption and defeasance as specified by the Master Resolution and is hereby directed to make appropriate arrangements so that the Refunded Bonds may be redeemed on their respective redemption dates. The Refunded Bonds shall be presented for redemption at the paying agent/registrar therefore, and shall not bear interest after the date fixed for redemption.

Section 38. ATTORNEY GENERAL FEES. The Issuer hereby authorizes and directs payment, from legally available funds of the Issuer, of the nonrefundable examination fee of the Attorney General of the State of Texas required by Section 1202.004, Texas Government Code, as amended.

Section 39. REPEAL OF CONFLICTING RESOLUTIONS. All resolutions and all parts of any resolutions which are in conflict or inconsistent with this Resolution are hereby repealed and shall be of no further force or effect to the extent of such conflict or inconsistency.

Section 40. SECURITY INTEREST. Chapter 1208, Texas Government Code, applies to the issuance of the Bonds and the pledge of the Gross Revenues granted by the Issuer under Section 9 of this Resolution, and is therefore valid, effective, and perfected. If Texas law is amended at any time while the Bonds are outstanding and unpaid such that the pledge of the Gross Revenues granted by the Issuer under Section 9 of this Resolution is to be subject to the filing requirements of Chapter 9, Business & Commerce Code, then in order to preserve to the registered owners of the Bonds the perfection of the security interest in said pledge, the Issuer agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Business & Commerce Code and enable a filing to perfect the security interest in said pledge to occur.

Section 41. ATTORNEY GENERAL FEES. The Issuer hereby authorizes and directs payment, from legally available funds of the Issuer, of the nonrefundable examination fee of the Attorney General of the State of Texas required by Section 1202.004, Texas Government Code, as amended.

Section 42. EFFECTIVENESS. This Resolution shall be effective from as of March 1, 2026; provided, however, if the Bonds authorized by this Resolution are not issued prior to March 1, 2027, this Resolution shall be void ab initio and shall be of no force and effect.

EXHIBIT "A"

WRITTEN PROCEDURES RELATING TO CONTINUING COMPLIANCE WITH FEDERAL TAX COVENANTS

A. Arbitrage. With respect to the investment and expenditure of the proceeds of the Bonds and any Additional Bonds (the "Obligations") the Issuer's Executive Director, and the Assistant General Manager - 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 date of delivery of the Obligations (the "Issue Date");
- monitor that at least 85% of the proceeds of the Obligations to be used for the construction, renovation or acquisition of any facilities are expended within 3 years of the Issue Date;
- restrict the yield of the investments (other than those in the Reserve Fund) to the yield on the Obligations after 3 years of the Issue Date;
- monitor all amounts deposited into a sinking fund or funds, e.g., the Interest and Redemption Fund and the Reserve Fund, to assure that the maximum amount invested at a yield higher than the yield on the Obligations does not exceed an amount equal to the debt service on the Obligations in the succeeding 12 month period plus a carryover amount equal to one-twelfth of the principal and interest payable on the Obligations for the immediately preceding 12-month period;
- assure that no more than 50% of the proceeds of the Obligations are invested in an investment with a guaranteed yield for 4 years or more;
- assure that the maximum amount of the Reserve Fund invested at a yield higher than the yield on the Obligations will not exceed the lesser of (1) 10% of the original principal amount of the Obligations, (2) 125% of the average annual debt service on the Obligations measured as of the Issue Date, or (3) 100% of the maximum annual debt service on the Obligations as of the Issue Date;

For Obligations issued for refunding purposes:

- monitor the actions of the escrow agent (to the extent an escrow is funded with proceeds) to assure compliance with the applicable provisions of the escrow

agreement, including with respect to reinvestment of cash balances;

For all Obligations:

- maintain any official action of the Issuer (such as a reimbursement resolution) stating its intent to reimburse itself or the City with the proceeds of the Obligations any amount expended prior to the Issue Date for the acquisition, renovation or construction of the facilities;
- assure that the applicable information return (e.g., IRS Form 8038-G, 8038-GC, or any successor forms) is timely filed with the IRS;
- assure that, unless excepted from rebate and yield restriction under section 148(f) of the Code, excess investment earnings are computed and paid to the U.S. government at such time and in such manner as directed by the IRS (i) at least every 5 years after the Issue Date and (ii) within 30 days after the date the Obligations are retired.

B. Private Business Use. With respect to the use of the facilities financed or refinanced with the proceeds of the Obligations the Responsible Persons will:

- monitor the date on which the facilities are substantially complete and available to be used for the purpose intended;
- monitor whether, at any time the Obligations are outstanding, any person, other than the Issuer or the City, the employees of the Issuer or the City, the agents of the Issuer or the City or members of the general public has any contractual right (such as a lease, purchase, management or other service agreement) with respect to any portion of the facilities;
- monitor whether, at any time the Obligations are outstanding, any person, other than the Issuer or the City, the employees of the Issuer or the City, the agents of the Issuer or the City or members of the general public has a right to use the output of the facilities (e.g., water, gas, electricity);
- monitor whether, at any time the Obligations are outstanding, any person, other than the Issuer or the City, the employees of the Issuer or the City, the agents of the Issuer or the City or members of the general public has a right to use the facilities to conduct or to direct the conduct of research;
- determine whether, at any time the Obligations are outstanding, any person, other than the Issuer or the City, has a naming right for the facilities or any other contractual right granting an intangible benefit;
- determine whether, at any time the Obligations are outstanding, the facilities are sold or otherwise disposed of; and

- take such action as is necessary to remediate any failure to maintain compliance with the covenants contained in the resolution authorizing the Obligations.

C. **Record Retention.** The Responsible Persons will maintain or cause to be maintained all records relating to the investment and expenditure of the proceeds of the Obligations and the use of the facilities financed or refinanced thereby for a period ending three (3) years after the complete extinguishment of the Obligations. If any portion of the Obligations is refunded with the proceeds of another series of tax-exempt obligations, such records shall be maintained until the three (3) years after the refunding obligations are completely extinguished. Such records can be maintained in paper or electronic format.

D. **Responsible Persons.** Each Responsible Person shall receive appropriate training regarding the Issuer's accounting system, contract intake system, facilities management and other systems necessary to track the investment and expenditure of the proceeds and the use of the facilities financed with the proceeds of the Obligations. The foregoing notwithstanding, the Responsible Persons are authorized and instructed to retain such experienced advisors and agents as may be necessary to carry out the purposes of these instructions.

EXHIBIT "B"

FORM OF DEPOSIT AGREEMENT
DEPOSIT AGREEMENT

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

WITNESSETH:

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

WHEREAS, in accordance with the provisions of Chapters 1207 and 1371, Texas Government Code (collectively, the "Act"), the Issuer is authorized to sell refunding bonds in an amount sufficient to provide for the full and complete payment of obligations, deposit the proceeds of such refunding bonds with the place of payment for the obligations being refunded and enter into an escrow or similar agreement with such place of payment for the safekeeping, investment, reinvestment, administration and disposition of such deposit, upon such terms and conditions as the parties may agree; and

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

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

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

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

deposited with the Bank for the credit of the Payment Account the sum of \$_____.

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

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

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

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

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

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

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

SECTION 7. The Bank shall have no lien whatsoever upon any of the moneys deposited

to the credit of the Payment Account for payment of services rendered hereunder, services rendered as Paying Agent for the Refunded Obligations, or for any costs or expenses incurred hereunder and reimbursable from the Issuer.

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

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

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

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

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

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

or for the identity or authority or any person making or executing such deposits.

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

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

- (a) Withhold and stop all further proceedings in, and performance of, this Agreement with respect to the issue in question and of all instructions received hereunder in regard to such issue; and
- (b) File a suit in interpleader and obtain an order from a court of appropriate jurisdiction requiring all persons involved to interplead and litigate in such court their several claims and rights among themselves.

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

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

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

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

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

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

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

Attention: Finance Manager

Attention: Corporate Trust Services

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

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

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

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

coupons in the hands of the holders and owners thereof are and will be valid and enforceable obligations of the Issuer according to the import thereof as provided in this Agreement.

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

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

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

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

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

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

NORTH TEXAS MUNICIPAL WATER DISTRICT

President

ATTEST:

Secretary

(Issuer Seal)

Title: _____

EXHIBIT "A"

Schedule of Refunded Obligations



2/26/2026

Administrative Memorandum No. 26-6234

Regional Water System

Leonard Treated Water Pipeline No. 2 Segment D; Project No. 101-0684-26; Engineering Services Agreement - Final Engineering Design

SUBJECT

Authorize funding in the amount of \$4,583,900 to Freese and Nichols, Inc. for an engineering services agreement for final engineering design of the proposed Leonard Treated Water Pipeline No. 2, Segment D.

PURPOSE

This project will support the delivery of additional treated water from the Leonard Water Treatment Plant (WTP) to the north and east regions of the District's service area. Leonard Treated Water Pipeline No. 2 (TWPL2) will consist of approximately 130,400 linear feet (LF) of 84-inch diameter pipe from the Leonard WTP High Service Pump Station (HSPS) to the McKinney area. Design will be performed in two segments (Segment D and Segment E) by two engineering firms.

Segment D is approximately 72,340 LF is between the Leonard WTP HSPS-South to Collin County Road 500, in the vicinity of Blue Ridge where it will connect to Segment E (separate Board action on this agenda).

RECOMMENDATION

The Executive Director and NTMWD staff recommend the Board of Directors authorize the Executive Director to execute an engineering services agreement (ESA) as follows:

Consultant:	Freese and Nichols, Inc. (FNI)
Scope:	Final Engineering Design
Project:	No. 101-0684-26, Leonard Treated Water Pipeline No. 2, Segment D
Amount:	\$4,583,900
Committee:	This will be an item on the February 25, 2026, Water Committee agenda

DRIVER(S) FOR THIS PROJECT

Strategic Objective:	1.2 Successfully Deliver Capital Program 1.4 Reliable and Resilient Systems
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☐ Regulatory Compliance	☐ Asset Condition
☒ Capacity	☒ Redundancy/Resiliency
☐ Relocation or External Requests	☐ Operational Efficiency
☐ Safety	☐ Administrative
☐ Policy	☐ Other _____

BACKGROUND

This project has been under consideration since the 2010 Capital Improvement Plan (CIP) Updates and is a part of the Bois d'Arc Lake (BDL) program. The Leonard Water Treatment Plant (WTP) Phase III expansion project is currently planned to increase the treatment plant's capacity. In addition, the firm pumping capacity will increase with the construction of Project No. 101-0603A-22, HSPS-South. The maximum pumping capacity for both HSPS-North (HSPS-N) and HSPS-South (HSPS-S) will be 175 MGD each after the expansion. To support these improvements, a new transmission pipeline is required to deliver additional treated water to the North System. The District currently owns a 120-foot-wide easement, which was planned to accommodate the two pipelines and a fiber optic communications cable. The overall project is approximately 130,400 linear feet of a parallel 84-inch pipeline extending from the Leonard WTP HSPS-South to the McKinney No. 3 to McKinney No. 4 Pipeline. To facilitate design and construction, the project was divided into Segments D and E.

PROJECT PURPOSE - Segment D

- Allows for full utilization of Leonard Water Treatment Plant production capacity.
- Deliver additional treated water to the North and East Systems.
- Provide redundancy, resiliency and ability to perform assessment and maintenance of both pipelines, with the capability to always have one pipeline in service at all times.
- The planning level opinion of probable construction cost (OPCC) for Segment D is approximately \$144,736,000. The engineer will provide an updated OPCC as final engineering progresses.
- Pipeline is planned to be in service by 2030.

PROJECT COMPONENTS

- Parallel pipeline horizontal alignment, pipeline vertical profile and associated appurtenances of approximately 72,340 LF (~14 miles) of 84-inch diameter water pipeline from Leonard WTP HSPS-South to around Collin County Road (CR) 500, where it connects to Segment E.

- Connections to the Leonard WTP HSPS-South and Segment E in the vicinity of CR 500.
- Roadway, railway, utility and creek crossings.
- Determine the opinion of probable construction cost for the Segment D pipeline.
- Transient and surge analysis of the entire Leonard TWPL2.
- Design of cathodic protection system for the entire pipeline.
- Right of way services for temporary and access easements.

BASIC SERVICES

- Conduct a review of pipeline alignment to identify areas that may result in alignment or grade changes.
- Perform design at 60% and 90% level and issue final bid documents.
- Provide 60%, 90% and 100% opinions of probable construction cost.
- Prepare and coordinate connection details with the design consultant for the Segment E portion of the Leonard Treated Water Pipeline No. 2.
- Prepare technical specifications and incorporate NTMWD's standards into bidding documents.
- Coordinate requirements of various agencies and utility companies regarding roadway, railway, utility, and creek crossings.
- Design cathodic protection for the entire pipeline and coordinate with Segment E design engineer for implementation of the corrosion design.
- Bid phase services.

SPECIAL SERVICES

- Geotechnical engineering services
- Subsurface utility engineering (SUE) services
- Environmental/Cultural and Archeological Services
- Topographical Survey Services
- Surge Analysis of the entire Leonard TWPL2
- Right-of-way acquisition services
- Texas Water Development Board (TWDB) Support for State Water Implementation Fund for Texas (SWIFT) for the entire Leonard TWPL2

CONSULTANT SELECTION PROCESS

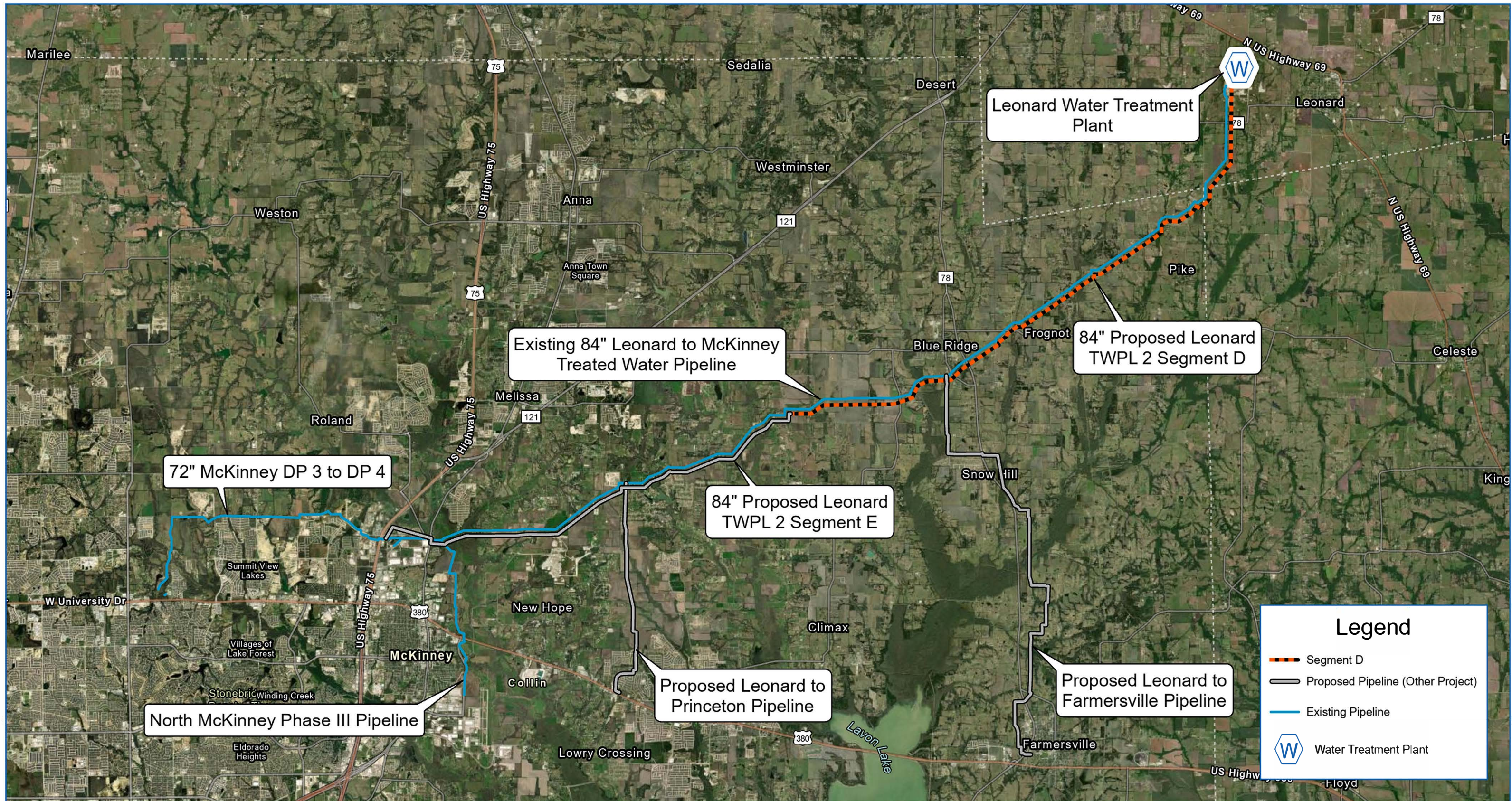
- Five qualified engineering firms were interviewed, and FNI was deemed as the most highly qualified firm for the Segment D portion of the pipeline project.

ENGINEERING SERVICES FEE

Description	Amount
Basic Services	\$2,441,600
Special Services	\$2,142,300
Requested Amount	\$4,583,900

FUNDING

Funding to Freese and Nichols Inc. in the amount of \$4,583,900 is to be made available utilizing the Regional Water System Extendable Commercial Paper (ECP) Program as the appropriation source; issuance of ECP notes will occur as cash needs arise.





2/26/2026

Administrative Memorandum No. 26-6235

Regional Water System

Leonard Treated Water Pipeline No. 2, Segment E; Project No. 101-0685-26; Engineering Services Agreement - Final Engineering Design

SUBJECT

Authorize funding in the amount of \$4,890,150 to HDR Engineering, Inc. for an engineering services agreement for final engineering design of the proposed Leonard Treated Water Pipeline No. 2, Segment E.

PURPOSE

This project will support the delivery of additional treated water from the Leonard Water Treatment Plant (WTP) to the north and east regions of the District's service area. Leonard Treated Water Pipeline No. 2 (TWPL2) will consist of approximately 130,400 linear feet (LF) of 84-inch diameter pipe from Leonard WTP High Service Pump Station (HSPS) to McKinney area. Design will be performed in two segments (Segment D and Segment E) by two engineering firms.

Segment E is approximately 58,000 LF is between Collin County Road 500 (in the vicinity of Blue Ridge) to the NTMWD's McKinney No. 3 to McKinney No. 4 Pipeline where it will connect to Segment D (separate Board action on this agenda).

RECOMMENDATION

The Executive Director and NTMWD staff recommend the Board of Directors authorize the Executive Director to execute an engineering services agreement (ESA) as follows:

Consultant:	HDR Engineering, Inc.
Scope:	Final Engineering Design
Project:	No. 101-0685-26, Leonard Treated Water Pipeline No. 2, Segment E
Amount:	\$4,890,150
Committee:	This will be an item on the February 25, 2026, Water Committee agenda.

DRIVER(S) FOR THIS PROJECT

Strategic Objective:	1.2 Successfully Deliver Capital Program 1.4 Reliable and Resilient Systems
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☐ Regulatory Compliance	☐ Asset Condition
☒ Capacity	☒ Redundancy/Resiliency
☐ Relocation or External Requests	☐ Operational Efficiency
☐ Safety	☐ Administrative
☐ Policy	☐ Other _____

BACKGROUND

This project has been under consideration since the 2010 Capital Improvement Plan (CIP) Updates and is a part of the Bois d'Arc Lake (BDL) program. The Leonard Water Treatment Plant (WTP) Phase III expansion project is currently planned to increase the treatment plant's capacity. In addition, the firm pumping capacity will increase with the construction of Project No. 101-0603A-22, HSPS-South. The maximum pumping capacity for both HSPS-North (HSPS-N) and HSPS-South (HSPS-S) will be 175 MGD each after the expansion. To support these improvements, a new transmission pipeline is required to deliver additional treated water to the North System. The District currently owns a 120-foot-wide easement, which was planned to accommodate the two pipelines and a fiber optic communications cable. The overall project is approximately 130,400 linear feet of a parallel 84- inch pipeline extending from the Leonard WTP HSPS-South to the McKinney No. 3 to McKinney No. 4 Pipeline. To facilitate design and construction, the project was divided into Segments D and E.

PROJECT PURPOSE - Segment E

- Allow for full utilization of Leonard Water Treatment Plant production capacity.
- Deliver additional treated water to the North and East Systems.
- Provide redundancy, resiliency and ability to perform assessment and maintenance of both pipelines, with the capability to always have one pipeline in service at all times.
- The current planning level opinion of probable construction cost (OPCC) is approximately \$113,722,000. The engineer will provide an updated OPCC as final engineering progresses.
- Pipeline is planned to be in service by 2030.
- Right of way services for the tie-in point, including right of entry, field notes, appraisals, and property acquisition of permanent easements for the portion of the alignment west of the East Fork Trinity River (EFTR) Tunnel.

PROJECT COMPONENTS

- Route study and alignment selection for the portion of the alignment west of the EFTR Tunnel (~1.5 miles).
- Parallel pipeline horizontal alignment and pipeline vertical profile of approximately 58,060 LF of 84-inch diameter treated water pipeline and associated appurtenances.
- Connections to the McKinney No. 3 to McKinney No. 4 Pipeline and Segment D in the vicinity of Collin County Road (CR) 500.
- Roadway, railway, utility and creek crossings.
- Determine opinion of probable construction cost for the Segment E pipeline.

BASIC SERVICES

- Conduct review of pipeline alignment to identify areas that may result in alignment change.
- Perform design at 30%, 60% and 90% level and issue final bid documents.
- Provide 60%, 90% and 100% opinions of probable construction cost.
- Prepare and coordinate connection details with design consultants for the Segment D portion of the Leonard Treated Water Pipeline No. 2.
- Prepare technical specifications and incorporate NTMWD's standards into bidding documents.
- Coordinate requirements of various agencies and utility companies regarding roadway, railway, utility, and creek crossings.
- Coordinate with corrosion engineer of Segment D design engineer for implementation of the corrosion design.
- Bid phase services.

SPECIAL SERVICES

- Geotechnical engineering services.
- Subsurface utility engineering (SUE) services.
- Environmental/Cultural and Archeological Services.
- Topographical and Boundary Survey Services.
- Right-of-way acquisition services.

CONSULTANT SELECTION PROCESS

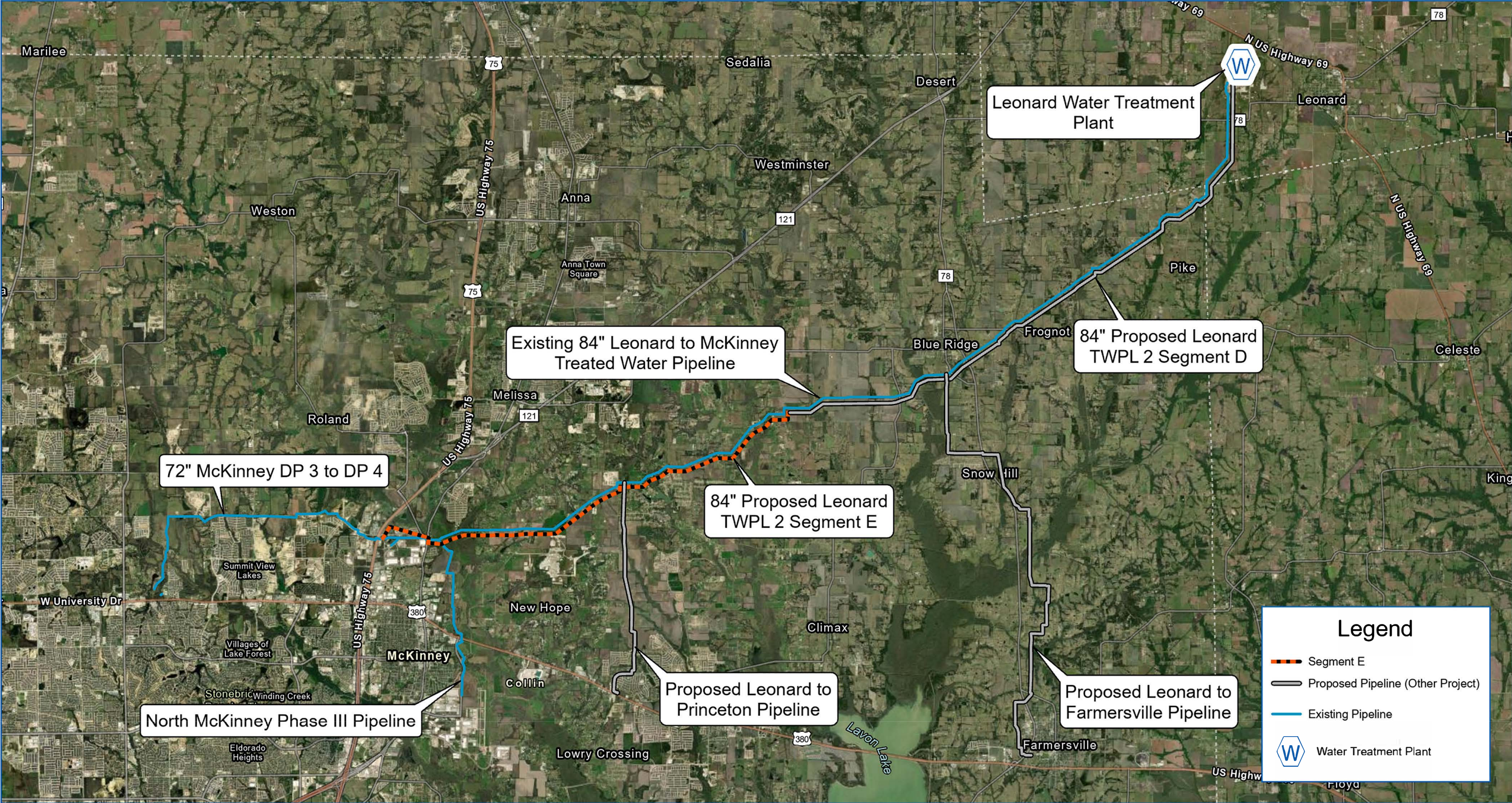
- Five qualified engineering firms were interviewed, and HDR Engineering, Inc. was deemed as the most highly qualified firm for the Segment E portion of the pipeline project.

ENGINEERING SERVICES FEE

Description	Amount
Basic Services	\$3,235,572
Special Services	\$1,654,578
Requested Amount	\$4,890,150

FUNDING

Funding to HDR Engineering Inc. in the amount of \$4,890,150 is to be made available utilizing the Regional Water System Extendable Commercial Paper (ECP) Program as the appropriation source; issuance of ECP notes will occur as cash needs arise.





2/26/2026

Administrative Memorandum No. 26-6236

Regional Water System

Leonard to Princeton Pipeline; Project No. 101-0686-26; Preliminary Engineering Services Agreement

SUBJECT

Authorize funding in the amount of \$2,737,600 to AECOM Technical Services, Inc. for an engineering services agreement (ESA) for preliminary design of the Leonard to Princeton Pipeline project.

PURPOSE

Projected growth in the North System is expected to challenge the current capacity to deliver water efficiently and reliably from the Wylie Water Treatment Plant to the City of Princeton. The purpose of this project is to provide a reliable second source of treated water into the North System from the Leonard Water Treatment Plant to meet the projected demands.

RECOMMENDATION

The Executive Director and NTMWD staff recommend the Board of Directors authorize the Executive Director to execute an engineering services agreement (ESA) as follows:

Consultant:	AECOM Technical Services, Inc.
Scope:	Preliminary Engineering Services Agreement
Project:	No. 101-0686-26, Leonard to Princeton Pipeline
Amount:	\$2,737,600
Committee:	This will be an item on the February 25, 2026, Water Committee meeting agenda

DRIVER(S) FOR THIS PROJECT

Strategic Objective:	1.1 High Quality Services 1.4 Reliable and Resilient Systems
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☐ Regulatory Compliance	☐ Asset Condition
☒ Capacity	☒ Redundancy/Resiliency
☐ Relocation or External Requests	☐ Operational Efficiency
☐ Safety	☐ Administrative
☐ Policy	☐ Other _____

BACKGROUND

The current and forecasted growth within the North and East Systems increases the demand and necessitates additional capacity be supplied by the Leonard Water Treatment Plant (WTP) to supplement Wylie WTP in the near-term demands.

PROJECT PURPOSE

- This project was identified in the 2021 Water Transmission System CIP Update as demand projections for the City of Princeton (City) are expected to double by 2030 and continue to steadily increase by 2050 to the Princeton Delivery Point No. 2A. To meet these forecast demands, an additional pipeline is needed beyond the existing 14-inch and 24-inch pipelines originating from the Wylie Water Treatment Plant currently serving the City.
- Enhance resiliency and redundancy in the North system by secondary supply from the Leonard Water Treatment Plant.
- The pipeline is planned to be completed and in service by 2031.
- The planning level estimated construction cost from the 2021 report is approximately \$28,480,000. The Engineer will review and provide an updated estimate during the preliminary engineering phase.

PROJECT COMPONENTS

- Design approximately 28,000 linear feet of 48-inch diameter pipeline from a new connection on the existing Leonard Treated Water Pipeline (TWPL) No.1 to a tie-in location near the Princeton Delivery Point No. 2A.
- Alignment study to develop viable routes and recommend a final alignment for the pipeline.
- Preliminary engineering design of the pipeline, including material, sizing, and appurtenance design, tie-in location on the existing 84-inch pipeline, and future connection to the parallel Leonard TWPL No. 2.
- Hydraulic analysis, including transient modeling and water age analysis
- Recommendation for cathodic protection system
- Recommendation for Supervisory Control and Data Acquisition (SCADA) updates.

- Land Acquisition services and preparation of easement documents (Right-of-Entry (ROE), field notes, appraisals, offer letters, condemnation hearings) for the pipeline corridor.

BASIC SERVICES

- Project Startup, Coordination, Meetings, and Project Administration
- Alignment Study
- Preliminary Design Report and 30% Plans with development of a preliminary Opinion of Probable Construction Costs (OPCC)
- Electrical and Instrumentation and Controls (I&C)

SPECIAL SERVICES

- Topographic and Boundary Survey Services
- Environmental Evaluation Services
- Cultural Resources / Archaeological Evaluation Services
- Right-of-Way (ROW) and Easement Acquisition Support Services

CONSULTANT SELECTION PROCESS

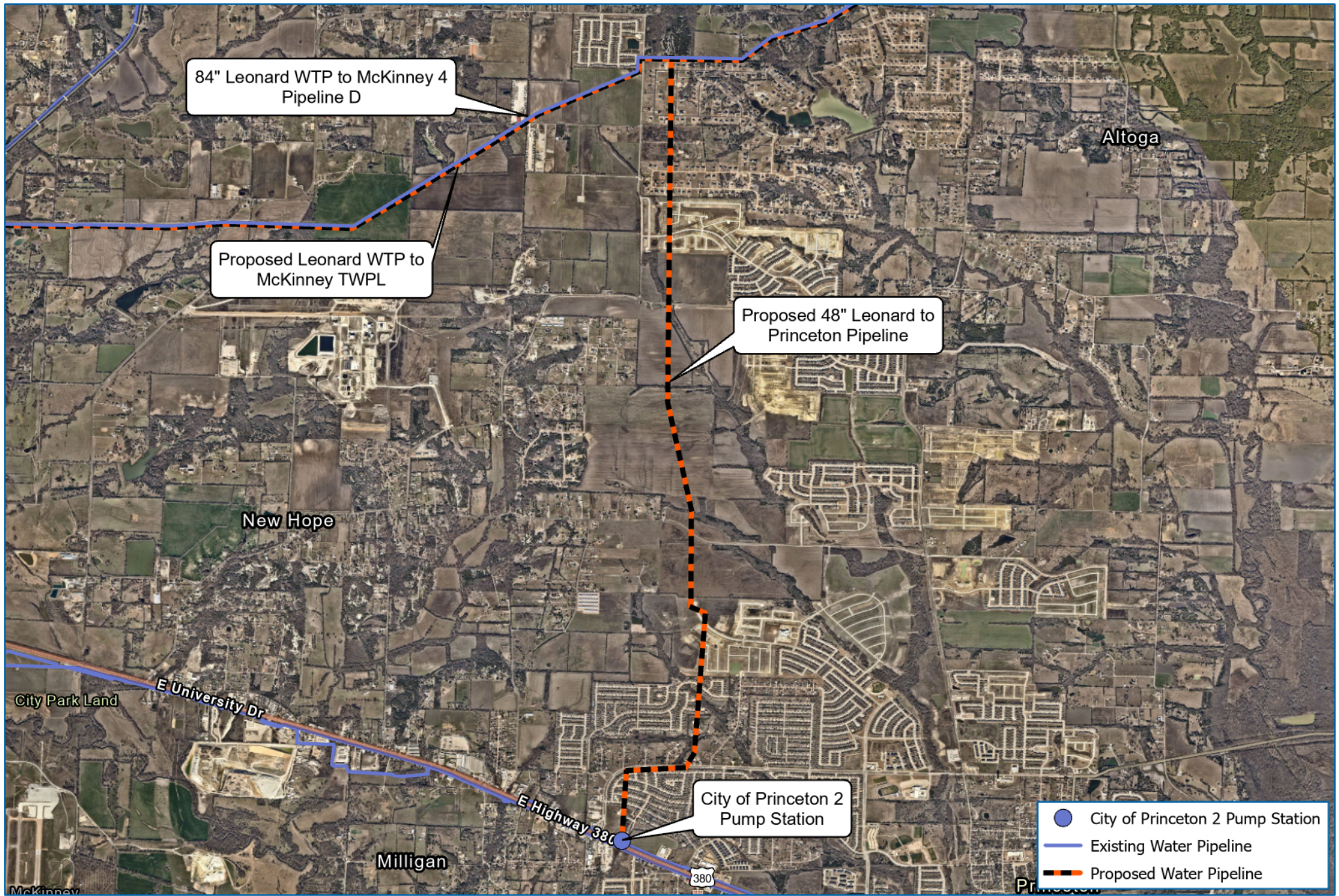
- A total of five engineering firms were interviewed for the Leonard Treated Water Pipeline Segments D and E and this project. AECOM Technical Services, Inc., was deemed as the most highly qualified firm for this project.

ENGINEERING SERVICES FEE

Description	Amount
Basic Services	\$913,100
Special Services	\$808,600
ROW Services	\$1,015,900
Requested Amount	\$2,737,600

FUNDING

Funding the AECOM Technical Services, Inc. for Preliminary Engineering services in the amount of \$2,737,600 is to be made available from the Regional Water System Capital Improvement Fund.





2/26/2026

Administrative Memorandum No. 26-6237

Regional Water System

Leonard Treated Water Pipeline to Farmersville Delivery Point; Project No. 101-0632-23; Tabulation of Bids and Award of Contract for Pipe Procurement

SUBJECT

Authorize award of a procurement contract in the amount of \$15,257,175 to Northwest Pipe Company for pipe procurement, storage, and delivery for the Leonard Treated Water Pipeline to Farmersville Delivery Point project.

PURPOSE

To mitigate lead times and maintain the proposed construction schedule of the Leonard Treated Water Pipeline to Farmersville Delivery Point project, procurement of the 48-diameter pipe is required prior to awarding the project construction contract.

RECOMMENDATION

The Executive Director, NTMWD staff and HDR Engineering, Inc. recommend the Board of Directors authorize the award of a contract as follows:

Contractor:	Northwest Pipe Company
Scope:	Procurement, storage, and delivery of pipe
Project:	No. 101-0632-23, Leonard Treated Water Pipeline to Farmersville Delivery Point
Amount:	\$15,257,175
Committee:	This will be an item on the February 25, 2026, Water Committee meeting agenda

DRIVER(S) FOR THIS PROJECT

Strategic Objective:	1.2 Successfully Deliver Capital Program 1.4 Reliable and Resilient Systems
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☐ Regulatory Compliance	☐ Asset Condition
☒ Capacity	☒ Redundancy/Resiliency
☐ Relocation or External Requests	☐ Operational Efficiency
☐ Safety	☐ Administrative
☐ Policy	☐ Other _____

BACKGROUND**PROJECT PURPOSE**

- This project is to provide a 48-inch diameter treated water pipeline to convey water from the existing Leonard treated water pipeline in the vicinity of Farm-to-Market Road 981 south to the existing Farmersville delivery point.
- The proposed 48-inch pipeline will provide additional capacity to the East System to meet projected demands through the year 2050.
- This project was identified in Project No. 101-0588-21, the Water Transmission System CIP Update.
- This project bid an early pipe procurement package in advance of the construction package. Early procurement is required to maintain the project schedule; without it, the substantial completion date will be delayed. Procuring the pipe several months prior to the construction package award supports substantial completion by May 2028.
- This procurement contract will be assigned to a construction contractor selected through the bidding process.

PROJECT COMPONENTS

- This project includes the design of approximately 62,300 linear feet of 48-inch pipeline from a new branch connection on the existing 84-inch Leonard pipeline to a tie-in location near Farmersville Delivery Point No. 1.
- The proposed project alignment crosses numerous streets, highways, and creeks. Most of the proposed alignment would be performed by open cut, with multiple short sections of jack and bore.

TABULATION OF BIDS

Sealed bids for construction of the Pipe Procurement Package were received at 2:00 p.m. on Friday, January 23, 2026, as tabulated below:

Bidder	Total Bid	Recommendation
Northwest Pipe Company	\$15,257,175	Recommended for Award
American SpiralWeld Pipe Company, LLC	\$19,237,000	
Thompson Pipe Group - Pressure	\$21,434,816	
ENGINEER'S OPINION OF PROBABLE COST	\$29,700,000	

RECOMMENDED BIDDER HISTORY

Founded in 1966, the Northwest Pipe Company has selected its Saginaw facility to produce pipe for this project due to its experience manufacturing high-quality pipe, its experience on similar projects, and its proximity to the job site. The Saginaw Facility has over 30 years of experience producing mid-to-large diameter steel pipe for similar projects. They have manufactured and delivered more than 68 miles of 48-inch through 90-inch diameter pipe in Texas since 2020. The Saginaw facility currently employs 145 full-time staff for high-volume production. The plant has the capacity to easily coordinate production, manufacture and ship multiple segments simultaneously.

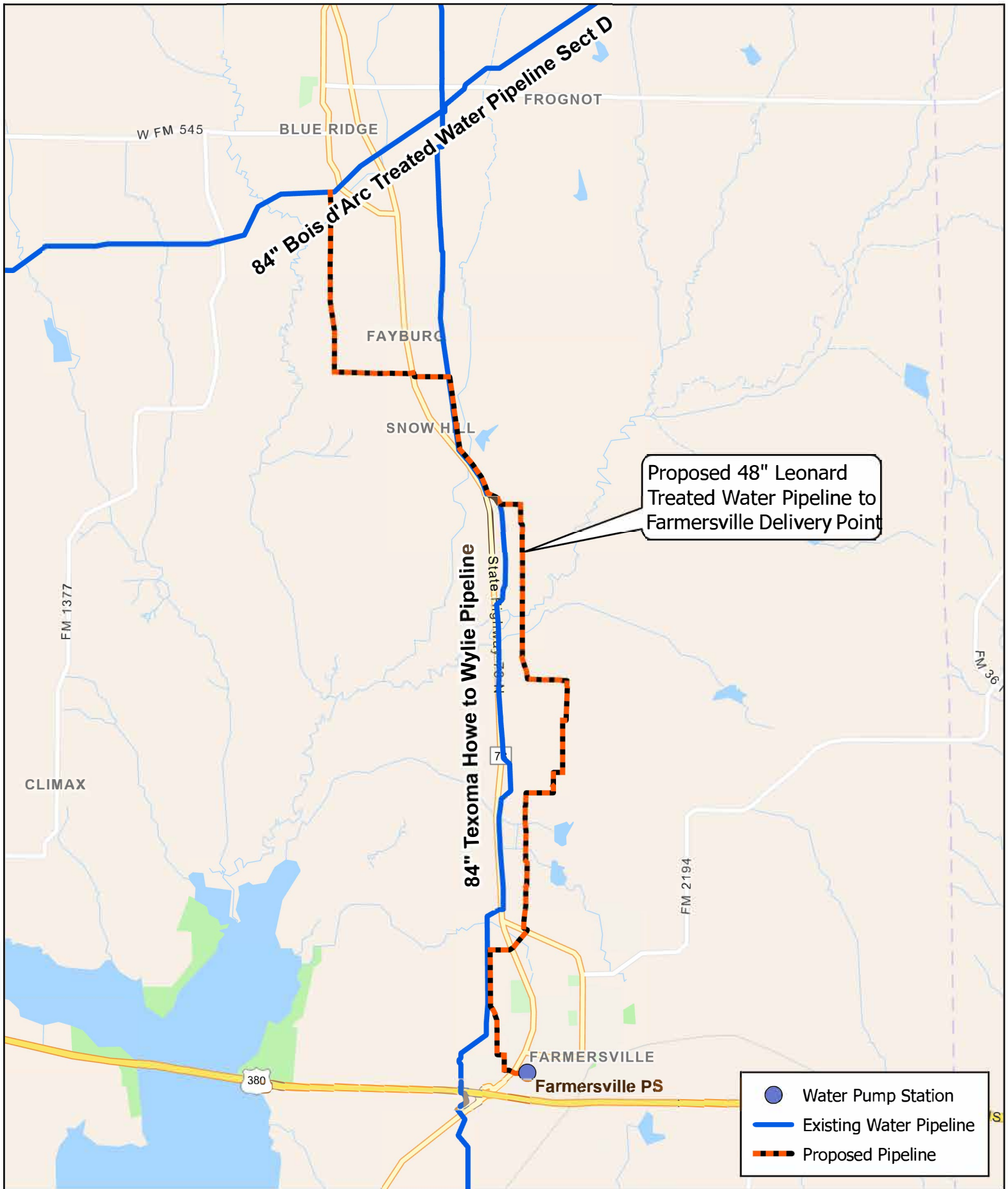
List of recent NTMWD's projects supplied by Northwest Pipe Company that have been completed or are currently in construction:

- a. Project No. 101-0431-16, North McKinney Pipeline Phase III (completed November 2019)
- b. Project No. 101-0424-16, Lower Bois d'Arc Creek Reservoir Raw Water Pipeline - Segments A and B (completed September 2023)
- c. Project No. 101-0425-16, Lower Bois d'Arc Creek Reservoir - Treated Water Pipeline from Leonard Water Treatment Plant to McKinney No. 4 - Bid Package No. 7 (completed February 2025)
- d. Project No. 101-0425-16, Lower Bois d'Arc Creek Reservoir- Treated Water Pipeline from Leonard Water Treatment Plant to McKinney No. 4 - Segments D and E (completed February 2025)
- e. Project No. 101-0566-20, 36-inch Plano Westside Pipeline (currently in construction)
- f. Project No. 101-0390-15, Wylie Water Treatment Plant Conversion to Biologically Active Filtration - Bid Package No. 2 (currently in construction)

Based on the information provided, the NTMWD staff and HDR Engineering, Inc. recommend award of the contract to Northwest Pipe Company.

FUNDING

Funding in the amount of \$15,257,175 to Northwest Pipe Company is to be made available utilizing the Regional Water System Extendable Commercial Paper (ECP) Program as the appropriation source; issuance of ECP notes will occur as cash needs arise.





2/26/2026

Administrative Memorandum No. 26-6238

Regional Water System

Authorization of Execution of the Potable Water Supply Contract with Milligan Water Supply Corporation (WSC), a current Customer of NTMWD.

SUBJECT

Authorize execution of new Potable Water Supply Contract with Milligan WSC (Customer), a current Customer of NTMWD.

PURPOSE

The previous contract does not expire until October 26, 2043, but Customer and NTMWD desire to amend and completely restate the terms of the previous Contract and enter into a new Potable Water Supply Contract.

RECOMMENDATION

The Executive Director, NTMWD staff and Lloyd, Gosselink, Rochelle & Townsend, P.C., recommend the Board of Directors authorize execution of a potable water supply contract with Customer.

Contracting Party: Milligan Water Supply Corporation

Scope: N/A

Project: N/A

Purpose: Potable Water Supply Contract

Committee: This will be an item on the February 25, 2026, Water Committee agenda

DRIVER(S) FOR THIS PROJECT

Strategic Objective:	1.1 High Quality Services 3.2 Engaged Members, Customers and Stakeholders
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☐ Regulatory Compliance	☐ Asset Condition
☐ Capacity	☐ Redundancy/Resiliency
☐ Relocation or External Requests	☐ Operational Efficiency
☐ Safety	☒ Administrative
☐ Policy	☐ Other _____

BACKGROUND**PURPOSE**

- NTMWD and Customer previously entered into the Previous Potable Water Supply Contract October 2023.
- Customer requests NTMWD provide a new Potable Water Contract and supersede and replace the Previous Contract in its entirety.
- Customer desires to adopt the updated customer contract template in order to take advantage of the favorable terms negotiated with Members and Customers and formally adopted by NTMWD.

COMPONENTS OF THE CONTRACT WITH CUSTOMER

- Contract term of 20 years.
- Point of Delivery No. 1: Located at the intersection of S.H. 380 and Bridgefarmer Road on the NTMWD McKinney-Princeton fourteen-inch (14") pipeline.
- Customer rate shall be equal to the rate set by the NTMWD Board of Directors for Member Cities ("Member City Rate") plus \$0.05.
- Commencing FY 2029, the customer rate shall be made up of two tiers and a cap that includes the Legacy Premium Component, Growth Premium Component, and Effective Premium Cap, as follows:
 - Legacy Premium Component: For that portion of the Customer's annual minimum equal to its Fiscal Year (FY) 2028 annual minimum plus 5% ("Legacy Volume") the Customer Rate applied shall be the Member City Rate plus 5-cents ("Legacy Charge");
 - Growth Premium Component: For that portion of the Customer's annual minimum greater than the Legacy Volume ("Growth Volume"), the Customer Rate applied shall be the Member City Rate plus 10% ("Growth Charge"); and

- Effective Premium Cap: For the purposes of this calculation, “Effective Rate” means the amount to be paid by Customer per 1,000 gallons resulting from the calculation of the Legacy Premium Component and the Growth Premium Component. If the Customer’s calculated Effective Rate exceeds the Member City Rate plus 2.8%; the Customer Rate shall be adjusted to result in payment by the Customer that equals the Member City Rate plus 2.8% (“Effective Premium Rate”). After a Customer reaches the Effective Premium Rate, the Customer Rate cannot fall below the Effective Premium Rate.
 - This phase-in will only be available to Customers executing the new Customer contract template prior to July 31, 2028.
- The new Customer rate methodology and Customer contract are of benefit to Customers and the region in that it:
 - Provides certainty on the Customer rate for years to come;
 - Incentivizes conservation; and
 - Allows a reasonable phase-in for Customers through recognition of the Legacy Premium Component and Effective Premium Cap.
- An Annual Minimum of 160,854,000 gallons per year.
- An Annual Maximum of 262,200,000 gallons per year.
- Cost of potable water is set at the Customer Rate.
- Any water delivered in excess of the annual minimum will also be purchased at the water rate established by the Board of Directors.
- If Customer exceeds the maximum rate of delivery of 2.2 times the daily average, the Customer shall pay three times the Customer entity water rate for such quantity. There is a provision for emergency conditions extending up to 48 hours during which NTMWD may, at its sole discretion, waive the additional cost.
- NTMWD, in its sole discretion and at any time, may deliver water to Customer at a delivery rate greater than 2.2 times the daily average for the purpose of (i) minimizing or managing energy costs (4CP); or (ii) managing hydraulic constraints in NTMWD’s system. If NTMWD exercises either of these options, Customer shall only pay the contract water rate for water received.
- If NTMWD does not have infrastructure installed with the capability of limiting the delivery rate of water to 2.2 times the daily average, or such infrastructure is currently inoperable, Customer shall pay the contract water rate for water received from NTMWD.
- A provision that allows NTMWD to charge three times the water rate for such quantity of water used by the Customer that is above the authorized amount or authorized rate of delivery as allowed by NTMWD’s Water Conservation and Drought Contingency Plan, as such plan may be amended from time to time

Customer approved this Contract at its January 21, 2026, meeting. A copy of the contract is attached.

FUNDING

N/A

**NORTH TEXAS MUNICIPAL WATER DISTRICT
MILLIGAN WATER SUPPLY CORPORATION
POTABLE WATER SUPPLY CONTRACT**

THE STATE OF TEXAS §
 §
THE COUNTY OF COLLIN §

THIS CONTRACT (the “Contract”) made and entered into as of this the _____ day of _____ 2026, by and between the North Texas Municipal Water District, hereinafter called “NTMWD”, a conservation and reclamation district created under Article 16, Section 59, of the Texas Constitution, and the Milligan Water Supply Corporation, a non-profit water supply corporation established under Title 4, Chapter 67 of the Texas Water Code, hereinafter called “Customer.” NTMWD and Customer are each referred herein as “party” and jointly referred to as “parties” in this Contract.

W I T N E S S E T H :

WHEREAS, NTMWD and Customer are authorized to enter into this Contract pursuant to Chapter 62, Acts of the 52nd Legislature, 1951 (Article 8280-141, Vernon's Texas Civil Statutes), Chapter 791 of the Texas Government Code (the “Interlocal Cooperation Act”) and other applicable laws;

WHEREAS, Customer and NTMWD previously entered into an Amended and Restated Potable Water Supply Contract dated October 26, 2023 (“Previous Contract”);

WHEREAS, the Previous Contract does not expire until October 26, 2043, but Customer and NTMWD desire to amend and completely restate the terms of the Previous Contract, and supersede and replace the Previous Contract in its entirety, as provided herein, and the Previous Contract shall have no further force and effect;

WHEREAS, Customer desires to obtain an adequate and dependable water supply from NTMWD;

WHEREAS, NTMWD was created, among other things, to serve the water needs of its Member Cities, as defined below;

WHEREAS, Customer acknowledges and understands that this Contract establishes a maximum amount of potable water that NTMWD is required to deliver to Customer;

WHEREAS, Customer agrees to construct and operate adequate water distribution, storage and pump station facilities so that the maximum delivery rate of water will not exceed, at any time, 2.2 times the Highest Historical Average at the Point(s) of Delivery, as such terms are defined herein;

WHEREAS, Customer acknowledges and understands that NTMWD determines the rates to be paid by Member Cities and Customer and that rates for Customer will not be the same as and are higher than the rates for Member Cities;

WHEREAS, Customer is not compelled to purchase water from NTMWD and is voluntarily entering into this Contract;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, NTMWD agrees to furnish water, and Customer agrees to pay for water, upon the terms and conditions and for the consideration hereinafter set forth, to wit:

Section 1. DEFINITION OF TERMS. The following terms and expressions as used in this Contract, unless the context clearly shows otherwise, shall have the following meanings:

- (a) “Annual Minimum” or “Annual Minimum Volume” means the minimum amount of potable water Customer must compensate NTMWD for during the Annual Payment Period, and each year thereafter, regardless of whether Customer actually takes such quantity of water. The Annual Minimum shall be adjusted annually after the first Annual Payment Period as provided in Section 8;
- (b) “Annual Maximum” means the maximum amount of potable water that NTMWD agrees to sell and deliver to Customer during any Water Year under this Contract;
- (c) “Annual Payment” means the amount of money to be paid to NTMWD by Customer during each Annual Payment Period;
- (d) “Annual Payment Period” means NTMWD’s fiscal year, which currently begins on October 1 of each calendar year and ends on September 30 of the next following calendar year, but which may be any twelve (12) consecutive month period fixed by NTMWD;
- (e) “Contract Date” means the effective date of this Contract as executed by both parties, which is the day and year first above written;
- (f) “Customer” means Milligan Water Supply Corporation as defined in the preamble to this Contract;
- (g) “Customer Entity or Customer Entities” means any customer other than the Member Cities with which NTMWD contracts with to furnish water;
- (h) “Customer Rate” is defined as the rate to be paid by Customer on a per 1,000 gallon basis, calculated annually by NTMWD, as provided herein, and applied to Customer’s Annual Minimum. Initially, the Customer Rate shall be equal to the rate set by the NTMWD Board of Directors for Member Cities (“Member City Rate”) plus \$0.05. Commencing at the beginning of FY 2029, the Customer Rate shall be made up of two tiers and a cap that include the Legacy Premium Component, Growth Premium Component, and Effective Premium Cap, as set forth below:
 - (i) “Legacy Premium Component”: For that portion of Customer’s Annual Minimum equal to its FY 2028 Annual Minimum plus 5% (“Legacy Volume”), the Customer Rate applied shall be the Member City Rate plus \$0.05 (“Legacy Charge”);
 - (ii) “Growth Premium Component”: For that portion of the Customer’s Annual Minimum greater than the Legacy Volume (“Growth Volume”), the Customer Rate applied shall be the Member City Rate plus 10% (“Growth Charge”); and

- (iii) “Effective Premium Cap”: For the purposes of this calculation, “Effective Rate” means the amount to be paid by Customer per 1,000 gallons resulting from calculation of the Legacy Premium Component and the Growth Premium Component. If the Customer’s calculated Effective Rate exceeds more than 2.8% of the Member City Rate, the Customer Rate shall be adjusted to result in payment by Customer that equals the Member City Rate plus 2.8% (Effective Premium Rate”). After a Customer reaches the Effective Premium Rate, the Customer Rate cannot fall below the Effective Premium Rate.

Customer Rate calculation examples are included in **Exhibit A**.

- (i) “Emergency Condition” means a condition that necessitates an expeditious delivery of water to prevent or combat imminent peril to the public health, safety, or welfare;
- (j) “FY” means NTMWD’s fiscal year which currently begins on October 1 of each calendar year and ends on September 30 of the next following calendar year, but which may be any twelve (12) consecutive month period fixed by NTMWD.
- (k) “Highest Historical Average” means the higher of (1) 440,696 gallons per day, that being 1/365 of the Annual Minimum as provided in Section 8 of this Contract at the Point(s) of Delivery, or (2) 1/365 of the highest annual amount of potable water delivered to the Customer at the Point(s) of Delivery in a Water Year during the term of this Contract;
- (l) “Member City or Member Cities” means the Cities of Allen, Farmersville, Forney, Frisco, Garland, McKinney, Mesquite, Plano, Princeton, Richardson, Rockwall, Royse City, Wylie, and any other city that may hereafter legally be annexed into the service area of NTMWD in accordance with Tex. Rev. Civ. Stat. Art. 8280-141;
- (m) “NTMWD” means the North Texas Municipal Water District as defined in the preamble to this Contract;
- (n) “Point(s) of Delivery” means the meter vault(s) at which water service is delivered by NTMWD to Customer at the location(s) specified in Section 5. The meter vault(s) and facilities upstream thereof shall be the sole responsibility of NTMWD, and facilities downstream thereof shall be the sole responsibility of the Customer except as otherwise provided herein by this Contract;
- (o) “Regional Contract” means the “North Texas Municipal Water District Regional Water Supply Facilities Amendatory Contract,” dated August 1, 1988, as amended, together with all similar contracts between NTMWD and contracting parties;
- (p) “System” means, collectively, the existing system and the future improvements and water of NTMWD included as part of the System under the Regional Contract for projects, water storage, treatment, transmission and supply, including all dams, reservoirs, and other properties or interests therein wherever located. Said terms do not include any of NTMWD’s facilities that provide wastewater treatment or disposal services, or solid waste disposal services, of any kind. Said terms do not include any facilities acquired or constructed by NTMWD with the proceeds from the issuance of “Special Facilities Bonds,” which are payable from any source, contract, or revenues whatsoever, other than revenues from the System; and,

- (q) “Water Year” means the period of August 1 of each calendar year through July 31 of the next following calendar year, or such other twelve (12) month period designated by NTMWD to all Member Cities and Customer Entities.

Section 2. DELIVERY OF WATER. NTMWD agrees to sell and to deliver potable water under this Contract to Customer at its Point(s) of Delivery as described in Section 5 hereof, and Customer agrees to take at its Point(s) of Delivery all water required for use by Customer during the term of this Contract, including all potable water for Customer’s own use and for distribution to all customers served by Customer’s water distribution system, or within Customer’s existing certificated retail service area regulated by the Public Utility Commission of Texas (“PUCT”), or any successor agency. It is specifically provided, however, that after the Contract Date, Customer shall be required to enter into a new potable water supply contract with NTMWD to replace and supersede this Contract in its entirety prior to the Customer entering into, renewing, or amending with regard to volume of water to be supplied, any agreement to provide wholesale or retail potable water for use outside its boundaries, its extraterritorial jurisdiction, or its certificated retail service area. Customer shall not become a party to any contract for the sale of potable water that would violate or be inconsistent with the provisions of this Contract. NTMWD will use its best efforts to furnish and remain in a position to furnish potable water sufficient for all reasonable potable water requirements of Customer, but its obligation shall be limited to the amount of potable water available to it from the System during routine operation.

The Annual Maximum that NTMWD agrees to sell and deliver to Customer under this Contract at the Point(s) of Delivery shall be 262,200,000 gallons per year. If Customer exceeds the Annual Maximum for the Point(s) of Delivery during any Water Year, within sixty (60) days of such exceedance Customer agrees to commence negotiations with NTMWD for the execution of a new or an amended or restated contract.

Except as provided in Section 8(j), the maximum rate of delivery at the Point(s) of Delivery shall not exceed 2.2 times the Highest Historical Average supplied to Customer hereunder, which is consistent with the capabilities and abilities of NTMWD facilities, and it is understood that NTMWD may from time to time adjust the maximum rate of delivery to all Customer Entities on a reasonable, equitable and uniform basis.

Section 3. OTHER CONTRACTS. NTMWD reserves the right to supply potable water from the System to additional parties as determined by the Board of Directors of NTMWD.

Section 4. QUALITY. The water to be delivered by NTMWD and received by Customer shall be potable water. Customer has satisfied itself that such water will be suitable for its needs, but NTMWD is obligated to treat such water so as to meet the standards of all State and Federal agencies having jurisdiction over water quality. NTMWD and Customer shall cooperate, each within its legal powers, in preventing, to the extent practicable, the pollution and contamination of the reservoirs and watersheds from which water is obtained.

Section 5. POINT(S) OF DELIVERY. The Point(s) of Delivery for Customer, located on **Exhibit C** attached hereto, identifies the location of the Point(s) of Delivery named below.

Point of Delivery No. 1 – Located at the intersection of S.H. 380 and Bridgefarmer Road on the NTMWD McKinney-Princeton fourteen-inch (14”) pipeline.

The parties agree that if the pipeline depicted in Exhibit C is abandoned or relocated at the request of the Customer, the Customer shall pay all costs associated with the construction of a new Point of Delivery or connection to a different pipeline at the discretion of NTMWD, including any and all costs associated with

furnishing the site of the new Point of Delivery as described in this section. NTMWD, in its sole discretion, may pay the costs associated with the construction of a new Point of Delivery.

Customer agrees to furnish the site at the Point(s) of Delivery and to construct and operate adequate water distribution, storage, and pump station facilities so that the maximum rate of delivery will not exceed 2.2 times the Highest Historical Average at the Point(s) of Delivery. Customer shall design and construct a separate vault for the Point(s) of Delivery. The vault will include the billing meter, control valve, and appropriate SCADA equipment. Customer shall also provide one level transmitter for the ground storage tank for NTMWD use and shall provide a separate air gap for the Point(s) of Delivery at the ground storage tank. At the request of the Customer, or upon NTMWD's own determination, NTMWD may install isolation valves associated with the Point(s) of Delivery. NTMWD may require Customer to bear all costs associated with such installation.

Customer shall provide to NTMWD all plans for the design, construction, and installation of any facilities and equipment required to receive and take all potable water delivered to it under this Contract and Customer shall not proceed with any construction or installation without NTMWD's prior written approval of such plans, which approval shall not be unreasonably withheld. Further, NTMWD shall have the right to inspect any and all facilities and equipment to ensure compliance with the NTMWD approved plans. Customer shall also perform and coordinate with NTMWD regarding any and all construction activities that involve the System. Customer shall construct, maintain, and operate, at its own cost and expense, all facilities and equipment necessary to receive and take all potable water delivered to it under this Contract. Regardless of NTMWD's approval of any Customer plans for the design, construction, and installation of any facilities and equipment required to receive and take all potable water delivered to it under this Contract, Customer is solely responsible for the sufficiency of design to receive volume(s) of water established pursuant to this Contract. Any construction from NTMWD's pipeline including the air gap must meet NTMWD standard specifications. Any change in the Point(s) of Delivery, including but not limited to a change in the type or size of meters, or size of tap, shall only be allowed if the Customer enters into a new or an amended and restated contract in accordance with Section 10, MODIFICATION. In NTMWD's sole discretion, NTMWD may waive the requirement for a new or an amended and restated contract for a change in the Point(s) of Delivery and allow such change through an amendment to this Contract.

Section 6. MEASURING EQUIPMENT. Customer shall furnish, and install at its own expense at, or near, the Point(s) of Delivery the necessary rate of flow equipment, of a standard type approved by NTMWD, for measuring properly in both low and high flow periods the quantity of potable water delivered under this Contract and such billing meter and other equipment so installed shall become the property of NTMWD. In its sole discretion, NTMWD may furnish, install, and/or replace at its own expense at, or near, the Point(s) of Delivery the necessary rate of flow equipment for measuring properly in both low and high flow periods the quantity of potable water delivered under this Contract and such billing meter and other equipment so installed shall remain the property of NTMWD. Customer shall have access to such metering equipment at all reasonable times, but the reading, calibration, and adjustment thereof shall be accomplished only by the employees or agents of NTMWD. For the purpose of this Contract, the original record or reading of the meter shall be the journal or other record book, including, but not limited to electronic databases, maintained by NTMWD in its office in which the records of the employees or agents of NTMWD who take the reading may be transcribed. Upon written request of Customer, NTMWD will provide a copy of such journal or record book, or permit it to have access to the same in the office of NTMWD during reasonable business hours.

Not more than once in any six (6) month time period, NTMWD shall test its billing meter if requested in writing by Customer to do so, in the presence of a representative of Customer, and the parties shall jointly observe any adjustments that are made to the billing meter in case any adjustments shall be

necessary. If upon any test, the percentage of inaccuracy of any billing meter equipment is found to be in excess of two percent (2%), registration thereof shall be corrected for a period extending back to the time when such inaccuracy began, if such time is ascertainable, and if such time is not ascertainable, then for a period extending back one-half (1/2) of the time elapsed since the last date of calibration, but in no event further back than a period of six (6) months. If for any reason any billing meters are out of repair so that the amount of water delivered cannot be ascertained or computed from the reading thereof, the water delivered through the period such billing meters are out of service or out of repair shall be estimated and agreed upon by the parties hereto upon the basis of the best data available. For such purpose, the best data available shall be deemed to be the registration of any check meter or meters if the same have been installed and are accurately registering. Otherwise, the amount of water delivered during such period may be estimated (i) by correcting the error if the percentage of the error is ascertainable by calibration tests or mathematical calculation, or (ii) estimating the quantity of delivery by deliveries during the preceding periods under similar conditions when the billing meter or meters were registering accurately.

Customer may, at its option and its own expense, install and operate a check meter downstream of the Point(s) of Delivery to check each billing meter installed by NTMWD, but the measurement of water for the purpose of this Contract shall be solely by NTMWD's meters, except in the cases hereinabove specifically provided to the contrary. All such check meters shall be of standard make and shall be subject at all reasonable times to inspection and examination by any employee or agent of NTMWD.

Section 7. UNIT OF MEASUREMENT. The unit of measurement for potable water delivered under this Contract shall be 1,000 gallons of water, U.S. Standard Liquid Measure.

Section 8. PRICE AND TERMS. The service to be performed under this Contract by NTMWD consists of the readiness of NTMWD to deliver to Customer upon its demand, water in accordance with the conditions, limitations, and provisions of this Contract.

In return for such service, Customer agrees to compensate NTMWD by payment of certain minimum annual sums of money, for each of which said sums NTMWD agrees, if required by Customer, to deliver all, or so much thereof as Customer may desire, of a certain corresponding volume of water, as follows:

- (a) Customer will compensate NTMWD at the Customer Rate, as such Customer Rate is calculated on an annual basis by NTMWD in accordance with the provisions of this Contract, for an Annual Minimum of 160,854,000 gallons of water, regardless of whether said quantity is actually taken by Customer, and any water delivered in excess of the amount allowed for the Annual Minimum will also be purchased at the Customer Rate. The Annual Minimum Customer will be required to purchase at the above Customer Rate, shall be calculated annually for each ensuing year and such minimum amount shall be the value as calculated by using the same methodology as applied to the Member Cities or 160,854,000 gallons as set forth in **Exhibit D**; provided however, Customer cannot take more than 262,200,000 gallons per year as provided in Section 2 of this Contract, and Customer shall pay the Customer Rate for any water taken in excess of 262,200,000 gallons per year.
- (b) If potable water must be rationed, such rationing shall, within the limits permitted by law, be accomplished by NTMWD on an equal basis of the relative actual total amount of all potable water taken by each Customer Entity, respectively, during the last preceding Annual Payment Period in which rationing among said Customer Entities was not necessary.

- (c) The Annual Minimum as set forth herein shall be reviewed at the end of the first Annual Payment Period, and each year thereafter, and shall be re-determined by the Board of Directors of NTMWD at that time based upon the methodology set forth in **Exhibit D**.
- (d) Payment of the Annual Payment shall be made each year by Customer to NTMWD in twelve (12) equal monthly installments, each of which shall be due and payable on or before the 10th day of the month following the service.
- (e) It is further agreed that, in addition to the amounts required to be paid by Customer herein, if during any Water Year Customer uses System treated water in excess of the Annual Minimum for the Annual Payment Period that commenced during such Water Year up to the Annual Maximum allowed in Section 8(a) or in excess of the Annual Maximum allowed in Section 8(a), then Customer shall pay for such excess water in accordance with the provisions of Section 8(a). Excess water charges shall be billed by NTMWD to Customer as soon as practicable after the end of such Water Year and shall be paid to NTMWD as soon as practicable thereafter, and in all events prior to the beginning of the next Annual Payment Period.
- (f) Liability for making payments, as herein set forth, shall commence on the date of the first tender of delivery of water to Customer by NTMWD at the Point(s) of Delivery.
- (g) In the event that Customer shall fail to make any such monthly payment or Annual Payment within the time herein in this section specified, interest on such amount shall accrue at the rate of ten percent (10%) per annum from the date such payment becomes due until paid in full with the interest as herein specified. In the event such payment is not made within thirty (30) days from the date such payment becomes due, and unless otherwise prohibited by law, NTMWD may at its option discontinue delivery of water to Customer upon reasonable notice to Customer until the amount due NTMWD is paid in full with interest as herein specified.
- (h) If Customer takes an amount of water above the authorized amount or authorized rate of delivery allowed by NTMWD's water conservation plan and drought contingency plan, as may be amended from time to time, NTMWD may require the Customer to pay three (3) times the Customer Rate for water taken in excess of the authorized amount or authorized rate of delivery under either plan. NTMWD shall provide 14 day written notice upon the first observed exceedance in a Fiscal Year before the imposition of such surcharge.
- (i) Any time Customer exceeds the maximum rate of delivery of 2.2 times the Highest Historical Average at the Point(s) of Delivery as determined by the NTMWD, Customer shall pay three (3) times the Customer Rate for such water. NTMWD shall provide 14 day written notice upon the first observed exceedance in a Fiscal Year before the imposition of such surcharge.
- (j) In the event of an Emergency Condition, as that term is defined herein, NTMWD may, in its sole discretion, waive the increased rate in Section 8(i) for exceedance of the maximum rate of delivery of 2.2 times the Highest Historical Average for the Point(s) of Delivery. This waiver shall apply for a 48-hour period, after which such waiver shall terminate. In its sole discretion, NTMWD may extend the waiver for additional 48-hour periods, if NTMWD determines that an extension of the waiver is warranted.

NTMWD, at its sole discretion and at any time, may deliver water to Customer at a delivery rate greater than 2.2 times the Highest Historical Average for the purpose of (i) minimizing or managing energy costs (e.g. 4 Coincident Peak (4CP), minimizing pump starts and/or stops, etc.); or (ii) managing hydraulic constraints in the System. In the event NTMWD exercises either of these options, Customer shall pay only the Customer Rate for water received. Additionally, if NTMWD does not have infrastructure installed with the capability of limiting the delivery rate of water to 2.2 times the Highest Historical Average, or such infrastructure is inoperable, Customer shall pay the Water Rate for water received from NTMWD.

Section 9. TERM OF CONTRACT. This Contract shall commence on the Contract Date and shall continue for a term of twenty (20) years following the Contract Date.

Section 10. MODIFICATION. This Contract may be changed or modified only by written agreement of the parties and only after having obtained approval from the governing bodies of both NTMWD and Customer. No change or modification shall be made to this Contract which will affect adversely the prompt payment when due of all monies required to be paid by Customer under the terms of this Contract.

Section 11. FORCE MAJEURE. If by reason of force majeure any party hereto shall be rendered unable wholly or in part to carry out its obligations under this Contract, other than the obligation of Customer to make the payments required under Section 8 of this Contract, then if such party shall give notice and full particulars of such force majeure in writing to the other party within a reasonable time after occurrence of the event or cause relied on, the obligation of the party giving such notice, so far as it is affected by such force majeure, shall be suspended during the continuance of the inability then claimed, but for no longer period, and any such party shall endeavor to remove or overcome such inability with all reasonable dispatch. The term "force majeure" as employed herein shall mean acts of God, strikes, lockouts, or other industrial disturbances, acts of public enemy, orders of any kind of the Government of the United States or the State of Texas, or any civil or military authority, insurrection, riots, epidemics (including pandemics), landslides, lightning, earthquake, fires, hurricanes, storms, floods, washouts, droughts, arrests, restraint of government and people, civil disturbances, explosions, breakage or accidents to machinery, pipelines or canals, partial or entire failure of water supply, or on account of any other causes not reasonably within the control of the party claiming such inability.

Section 12. INSURANCE. NTMWD agrees to carry and arrange for fire, casualty, public liability, and/or other insurance, including self-insurance for purposes and in amounts which, as determined by NTMWD, ordinarily would be carried by a privately-owned utility company owning and operating such facilities, except that NTMWD shall not be required to provide liability insurance except to insure itself against risk of loss due to claims for which it can, in the opinion of NTMWD's legal counsel, be liable under the Texas Tort Claims Act or any similar law or judicial decision. Such insurance will provide, to the extent feasible and practicable, for the restoration of damaged or destroyed properties and equipment, to minimize the interruption of the services of such facilities. All premiums for such insurance shall constitute just and reasonable operation and maintenance expense. The insurance coverage referenced herein does not extend to any facility owned by Customer.

Section 13. REGULATORY BODIES AND LAWS. This Contract is subject to all applicable Federal and State laws and any applicable permits, ordinances, rules, orders, and regulations of any local, state or federal governmental authority having or asserting jurisdiction, but nothing contained herein shall be construed as a waiver of any right to question or contest any such law, ordinance, order, rule, or regulation in any forum, having jurisdiction.

Section 14. NOTICES. Unless otherwise provided herein, any notice, communication, request, reply, or advice (herein severally and collectively, for convenience, called "Notice") herein provided or permitted to be given, made, or accepted by any party to any other party must be in writing and may be given or be served by depositing the same in the United States mail, addressed to the party to be notified and sent via first-class mail and by certified mail/return-receipt requested, or by delivering the same to an officer of such party. Notice deposited in the mail in the manners hereinabove described shall be deemed to be effective, unless otherwise stated herein, from and after the expiration of three (3) days after it is so deposited. Notice given in any other manner shall be effective only if and when received by the party to be notified. For the purposes of Notice, the addresses of the parties shall, until changed as hereinafter provided, be as follows:

If to NTMWD, to:

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

If to Customer, to:

Milligan Water Supply Corporation
c/o General Manager
1400 S. Bridgefarmer Rd
McKinney, Texas 75069

The parties hereto shall have the right from time to time and at any time to change their respective addresses and each shall have the right to specify as its address any other address by at least fifteen (15) days written notice to the other parties hereto.

Section 15. SEVERABILITY. The parties hereto specifically agree that in case any one or more of the sections, subsections, provisions, clauses, or words of this Contract or the application of such sections, subsections, provisions, clauses, or words to any situation or circumstance should be, or should be held to be, for any reason, invalid or unconstitutional, under the laws or constitutions of the State of Texas or the United States of America, or in contravention of any such laws or constitutions, such invalidity, unconstitutionality, or contravention shall not affect any other sections, subsections, provisions, clauses, or words of this Contract or the application of such sections, subsections, provisions, clauses, or words to any other situation or circumstance, and it is intended that this Contract shall be severable and shall be construed and applied as if any such invalid or unconstitutional section, subsection, provision, clause, or word had not been included herein, and the rights and obligations of the parties hereto shall be construed and remain in force accordingly.

Section 16. VENUE. All amounts due under this Contract including, but not limited to, payments due under this Contract or damages for the breach of this Contract, shall be paid and be due in Collin County, Texas, which is the County in which the principal administrative offices of NTMWD are located. It is specifically agreed among the parties to this Contract that Collin County, Texas, is a principal place of performance of this Contract.

Section 17. OPERATING CONDITIONS AND PROVISIONS.

- (a) Operation and Maintenance of System. NTMWD will continuously operate and maintain the System in an efficient manner and in accordance with good business and engineering practices, and at reasonable cost and expense.
- (b) Title to Water; Indemnification. NTMWD shall retain title to all water supplied to Customer up to the Point(s) of Delivery, at which point title to such water shall pass to Customer. NTMWD and Customer shall save and hold each other harmless from all claims, demands, and causes of action that may be asserted by anyone on account of the transportation and delivery of said water while title remains in such party. As between the parties, Customer shall have the first right to use all effluent produced from any wastewater treatment plant that treats the wastewater resulting from the use of the water made available under this Contract for direct reuse, but solely for its own purposes, and not for sale to, or use by, any customer of the Customer. To the extent that effluent produced by a wastewater treatment plant that treats the wastewater resulting from the use of water made available under this Contract is discharged to water courses of the State, the right of Customer to reuse such effluent produced from such wastewater treatment is terminated, and NTMWD shall have the right, as between the parties, pursuant to any necessary authorization of the State, to indirectly reuse said effluent. Customer shall ensure via any wholesale contract with a subsequent customer, entered into after the Contract Date, to maintain NTMWD's right to indirectly reuse treated effluent, the underlying source of which is water from NTMWD made available under this Contract.
- (c) Operating Expenses of Customer. Customer represents and covenants that all payments to be made by it under this Contract shall constitute reasonable and necessary operating expenses of its system and that all such payments will be made from the revenues of its system. Customer represents and has determined that the potable water supply to be obtained from the System is absolutely necessary and essential to the present and future operation of its water system and is the only available and adequate source of supply of potable water. Accordingly, all payments required by this Contract to be made by Customer shall constitute reasonable and necessary operating expenses of its respective system as described above, with the effect that the obligation to make such payments from revenues of such system shall have priority over any obligation to make any payments from such revenues (whether of principal, interest, or otherwise) with respect to all bonds or other obligations heretofore or hereafter issued by Customer.
- (d) Customer's Rate for Waterworks System. Customer agrees throughout the term of this Contract to continuously operate and maintain its waterworks system, and to fix and collect such rates and charges for water services to be supplied by its waterworks system as aforesaid as will produce revenues in an amount equal to at least (i) all of its payments under this Contract; and (ii) all other amounts required to be paid from said revenues by the provisions of the ordinances or resolutions authorizing its revenue bonds or other obligations now or hereafter outstanding and to file appropriate financial reports related to the Customer's system including annual audits.
- (e) Equity. Customer acknowledges that it will accrue no equity or any other interest in the System or any other assets of NTMWD as a result of payment or other performance pursuant to this Contract.

Section 18. WATER CONSERVATION. Customer acknowledges that as a regional wholesale supplier, NTMWD is subject to regulatory and legal requirements regarding the promotion of water conservation and drought contingency planning for the System that allow it to make a water supply available to Customer. NTMWD's water conservation and drought contingency program is developed in adherence with TCEQ public participation requirements and in consultation with other area regional providers to promote consistency throughout the North Texas region. Customer agrees to adopt, implement, and enforce any and all ordinances and policies related to water conservation and drought management as required by the Texas Water Code, the rules of the TCEQ and any ordinance or policy related to water conservation and/or drought management proposed by the Board of Directors of NTMWD consistent with the above-described regional planning effort. NTMWD's obligations pursuant to this Contract shall be subject to Customer preparing and implementing a water conservation plan or water conservation measures, as well as implementing any water conservation plans and drought contingency plans adopted by NTMWD and required or approved by the TCEQ, the Board, or any other federal, state, or local regulatory authority with power to require or approve water conservation and drought contingency plans. Upon execution of this Contract, Customer shall submit its water conservation plan or water conservation measures, and drought contingency plan, to NTMWD for review and approval, and Customer agrees to amend its water conservation plan or water conservation measures, and drought contingency plan as requested by NTMWD in order to comply with requirements of NTMWD's water conservation plan and drought contingency plan, program and/or rules as described in this Section. Customer shall also submit any changes or amendments to its water conservation plan or water conservation measures, and drought contingency plan, to NTMWD for review and approval.

NTMWD has adopted a water conservation plan and a drought contingency plan, and may amend both from time to time.

If Customer fails to implement NTMWD's and its own drought contingency plan when trigger conditions occur, NTMWD may implement rationing and collect the rate for water withdrawn as provided in Section 8(h) of this Contract, as well as enforce any contractual, statutory, or common law remedies available. The amount of water that is provided pursuant to this Contract when Customer is not in compliance with NTMWD's water conservation plan and drought contingency plan will be reduced to the amount estimated as necessary to satisfy Customer's demand if Customer was operating in compliance with both NTMWD's and Customer's drought contingency plans.

If NTMWD authorizes Customer to resell water from the System pursuant to the conditions included herein, Customer shall require through a contract condition that any successive user(s) of water from the System must implement water conservation measures that comply with NTMWD's and Customer's water conservation plans, measures, programs, and/or rules.

Section 19. DEMAND ASSESSMENT. The location of the Point(s) of Delivery and any quantity set forth in this Contract are intended to meet the water needs of Customer. The needs of Customer are independently determined by Customer, and NTMWD has conducted no independent evaluation of the Customer's water system.

Section 20. SOLE AGREEMENT. This Contract constitutes the sole and only agreement of Customer and NTMWD and supersedes any prior understanding or oral or written agreements between Customer and NTMWD with respect to the subject matter of this Contract.

Section 21. NO THIRD PARTY BENEFICIARIES. This Contract shall inure only to the benefit of the parties hereto and third persons not privy hereto shall not, in any form or manner, be considered a third-party beneficiary of this Contract. Each party hereto shall be solely responsible for the fulfillment of

its customer contracts or commitments, and NTMWD shall not be construed to be responsible for Customer's contracts or commitments by virtue of this Contract or any provision contained herein.

Section 22. WAIVER. Failure to enforce or the waiver of any provision of the Contract or any breach or nonperformance by the Customer or NTMWD shall not be deemed a waiver by the Customer or NTMWD of the right in the future to demand strict compliance and performance of any provision of this Contract.

Section 23. DISPUTES OTHER THAN RATE OR FEE DISPUTES; ABATEMENT. In accordance with the provisions of Subchapter I, Chapter 271, Texas Local Government Code, the parties agree that, prior to instituting any lawsuit or other proceeding arising from a dispute under this Contract, the parties will first attempt to resolve the dispute as provided as follows:

- (a) The dissatisfied party shall deliver a written notice substantially describing the nature of the dispute to the other party, requesting the other party to deliver a written response within ten (10) business days after receipt of the notice of dispute;
- (b) If the response does not, in the opinion of the dissatisfied party, reasonably resolve the dispute, the dissatisfied party shall notify the other party in writing. Each party shall then appoint a person having authority over the activities of the respective parties who shall promptly meet, in person or via a virtual meeting, in an effort to resolve the dispute; and
- (c) If those persons cannot or do not resolve the dispute, then the parties shall each appoint a person from the highest tier of managerial responsibility within each respective party, who shall then promptly meet, in person or via a virtual meeting, in an effort to resolve the dispute.

Any lawsuit filed prior to performing these steps shall be abated pending completion of this dispute resolution process. This section shall not apply to any disputes regarding rates or fees NTMWD charges Customer. The provisions of this section are a condition precedent to the filing of any other action or complaint with any regulatory authority, governing body, or state or federal court.

Section 24. RATE OR FEE DISPUTES. Customer agrees that, as a condition precedent to instituting any lawsuit or other proceeding arising from a rate or fee dispute (including any other charges NTMWD may assess) under this Contract, Customer shall first attempt to resolve the dispute as provided as follows:

- (a) Customer shall deliver a written notice substantially describing the nature of and reasons for the dispute to NTMWD;
- (b) NTMWD shall respond to the dispute notification in writing within ten (10) business days after receipt of the notice of dispute;

The provisions of this section are a condition precedent to the filing of any other action or complaint with any regulatory authority, governing body, or state or federal court.

Section 25. TERMINATION AND MATERIAL BREACH. Any material breach of the duties or obligations of this Contract, or failure to faithfully keep and perform any of the terms, conditions and provision hereof shall be subject to the remedies provided in Section 26, including but not limited to termination. The non-breaching party shall provide the breaching party ninety (90) days written notice of its intention to terminate this Contract if the breaching party fails to cure the material breach. The written

notice shall include a reasonable description of the breach. If the Customer is the breaching party, and fails or refuses to cure the breach, then NTMWD shall have the right, with five (5) years advance written additional notice to Customer and without any liability whatsoever on the part of NTMWD, to declare the Contract terminated. In the event of termination of this Contract, all rights, powers, and privileges of Customer pursuant to this Contract shall cease and terminate and Customer shall make no claim of any kind whatsoever against NTMWD, its agents or representatives, by reason of such termination or any act incident thereto. In any event, the non-breaching party shall advise the alleged breaching party in writing immediately upon acceptance of the cure of any default. The following shall, without limitation, be considered to be a material breach:

- (a) Customer's failure to adopt and enforce reasonable policies or standards related to the System necessary to enforce any applicable NTMWD policies related to the protection and operation of the System for the benefit of all Members and Customers, contractual requirements, or any applicable state or federal laws or regulations;
- (b) Customer's failure to pay any bill, charge or fee as provided for in this Contract;
- (c) Customer's failure to provide NTMWD ingress and egress for purposes of sampling and operation and maintenance of any metering or any sampling facility; and
- (d) NTMWD's failure to timely provide water to Customer in an amount sufficient to serve existing customers of the Customer, up to the Annual Maximum set forth in Sections 2 and 8.

Section 26. REMEDIES. It is not intended hereby to specify (and this Contract shall not be considered as specifying) an exclusive remedy for any default, but all such other remedies, including termination as provided in Section 25, existing at law or in equity may be availed of by any party hereto and shall be cumulative.

Section 27. INDEMNITY. TO THE EXTENT ALLOWED BY LAW, CUSTOMER AGREES TO INDEMNIFY, HOLD HARMLESS, AND DEFEND NTMWD, ITS OFFICERS, AGENTS, AND EMPLOYEES FROM ANY AND ALL LIABILITY, INCLUDING CLAIMS, DEMANDS, DAMAGES, LIENS, ACTIONS OR CAUSES OF ACTION, TOGETHER WITH ANY AND ALL LOSSES, COSTS, OR EXPENSES, INCLUDING REASONABLE ATTORNEY FEES, ARISING OUT OF OR RELATING TO THIS CONTRACT, INCLUDING THE DELIVERY OF WATER UNDER THIS CONTRACT, CAUSED BY OR RESULTING FROM THE WILLFUL MISCONDUCT AND/OR GROSSLY NEGLIGENT ACTS, ERRORS, OR OMISSIONS OF CUSTOMER, ITS EMPLOYEES, AGENTS, CONTRACTORS, OR SUBCONTRACTORS.

TO THE EXTENT ALLOWED BY LAW NTMWD AGREES TO INDEMNIFY, HOLD HARMLESS, AND DEFEND CUSTOMER, ITS OFFICERS, AGENTS, AND EMPLOYEES FROM ANY AND ALL LIABILITY, INCLUDING CLAIMS, DEMANDS, DAMAGES, LIENS, ACTIONS OR CAUSES OF ACTION, TOGETHER WITH ANY AND ALL LOSSES, COSTS, OR EXPENSES, INCLUDING REASONABLE ATTORNEY FEES, ARISING OUT OF OR RELATING TO THIS CONTRACT, INCLUDING THE DELIVERY OF WATER UNDER THIS CONTRACT, CAUSED BY OR RESULTING FROM THE WILLFUL MISCONDUCT AND/OR GROSSLY NEGLIGENT ACTS, ERRORS, OR OMISSIONS OF NTMWD, ITS EMPLOYEES, AGENTS, CONTRACTORS, OR SUBCONTRACTORS.

Section 28. ASSIGNMENT. Customer shall not assign this Contract or any of its rights hereunder without first obtaining the express prior written consent of NTMWD.

Section 29. RECITALS AND EXHIBITS INCORPORATED. The recitals contained in the preamble hereof and the exhibit(s) hereto are hereby found to be true, and such recitals and exhibit(s) are hereby made a part of this Contract for all purposes.

Exhibit A – Customer Rate Premium Methodology Examples

Exhibit B – Current Wholesale Customers (not applicable to this Contract)

Exhibit C – Points of Delivery

Exhibit D – Explanation of Annual Minimum Calculation

Section 30. SPECIAL CONDITION. If Customer's construction of the metering facilities and control equipment necessary to utilize the Point of Delivery is not complete within 3 years from the Contract Date, the provisions of this Contract shall terminate and be of no further force or effect unless such deadline is extended by written approval of NTMWD. Notwithstanding the foregoing, so long as the Customer has commenced the construction of the metering facilities and control equipment necessary to utilize the Point of Delivery and is making a good faith effort to complete such construction, this deadline will be extended by NTMWD to allow the Customer to complete the construction.

IN WITNESS WHEREOF, the parties hereto acting under authority of their respective governing bodies have caused this Contract to be duly executed in several counterparts, each of which shall constitute an original, all as of the day and year first above written, which is the Contract Date.

(Signatures on following pages)

MILLIGAN WATER SUPPLY CORPORATION

By: _____
Donna Petree, President

_____ Date

ATTEST:

Brian Franze, Secretary

STATE OF TEXAS §
 §
COUNTY OF COLLIN §

This instrument was acknowledged before me on this _____ day of _____, 2026,
by _____, _____ of Milligan Water Supply Corporation, a nonprofit
water supply corporation of the State of Texas, on behalf of said corporation.

Notary Public, State of Texas
Printed Name of Notary:

My Commission Expires: _____

NORTH TEXAS MUNICIPAL WATER DISTRICT

By: _____
David Hollifield, President Date

ATTEST:

Keith Stephens, Secretary

STATE OF TEXAS §
 §
COUNTY OF COLLIN §

This instrument was acknowledged before me on this _____ day of _____, 2026, by David Hollifield, President of the Board of Directors of North Texas Municipal Water District, a conservation and reclamation district and political subdivision of the State of Texas, on behalf of said conservation and reclamation district.

Notary Public, State of Texas
Printed Name of Notary:

My Commission Expires: _____

EXHIBIT A

Customer Rate Premium Methodology Examples

Annually, District staff will calculate the Customer Rate for each Customer, beginning in FY29, as follows

1. Calculate Annual Minimum Volume using Rolling Average Methodology (See **Exhibit D**)
2. Compare Annual Minimum Volume to Legacy Volume to determine Growth Volume
3. Apply Member City Rate + \$0.05 to Legacy Volume to calculate Legacy Charges. If Annual Minimum Volume is less than Legacy Volume, only apply Member Rate + 5-cents to Annual Minimum Volume.
4. Apply Member City Rate +10% to Growth Volume to calculate Growth Charges
5. Calculate the Customer's Effective Premium Rate
6. If the Effective Premium Rate is less than or equal to 2.8%, calculation is complete
7. If the Effective Premium Rate is greater than 2.8%, recalculate charges (Member City Rate + 2.8%) * Annual Minimum Volume

Example 1

- Customer's Legacy Volume (1,000 gallons) = 1,716
- Customer's FY30 Annual Minimum Volume (1,000 gallons) = 1,599
- FY30 Projected Member City Rate = \$6.45/1,000 gallons

	Step	Calculation	Result
1	Calculate Annual Minimum Volume using Rolling Average Methodology		1,599
2	Compare Annual Minimum Volume to Legacy Volume to determine Growth Volume	$1,599 < 1,716$	Annual Minimum Volume is less than Legacy Volume, no Growth Volume
3	Apply Member City Rate + \$0.05 to Legacy Volume (or Annual Minimum Volume if less than Legacy Volume)	$(\$6.45 + 0.05) * 1,599$	\$10,394 Legacy Charges (\$80 premium)
4	Apply Member City Rate +10% to Growth Volume	0	No Growth Charges
5	Calculate the Customer's Effective Premium Rate	$\$0.05 / \$6.45 = 1\%$	Effective premium is \$0.05 and 1% of Member City Rate
6	If the Effective Premium Rate is less than or equal to 2.8%, calculation is complete	Yes – $1\% < 2.8\%$	Calculation Complete – Customer pays \$10,394 (\$80 premium)
7	Not Applicable to Example 1		

Example 2

- Legacy Volume (1,000 gallons) = 2,174 gallons
- FY30 Annual Minimum Volume (1,000 gallons) = 2,338
- FY30 Projected Member City Rate = \$6.45/1000 Gallons

	Step	Calculation	Result
1	Calculate Annual Minimum Volume using Rolling Average Methodology		2,338
2	Compare Annual Minimum Volume to Legacy Volume to determine Growth Volume	$2,338 > 2,174 \rightarrow 2,338 - 2,174$	Growth Volume = 164
3	Apply Member City Rate + \$0.05 to Legacy Volume (or Annual Minimum Volume if less than Legacy)	$(\$6.45 + .05) * 2,174$	\$14,131 (\$109 premium)
4	Apply Member City Rate +10% to Growth Volume	$(\$6.45 * 1.1) * 164$	\$1,164 (\$106 premium)
5	Calculate the Customer's Effective Premium Rate	$(\$215 / 2,338) = \$0.09$ $\$0.09 / \$6.45 = 1.4\%$	Effective Premium is \$0.09/1,000 gallons and 1.4% of Member City Rate
6	If the Effective Premium Rate is less than or equal to 2.8%, calculation is complete	Yes – $1.4\% < 2.8\%$	Calculation complete – Customer pays \$15,295 (\$215 premium)
7	Not Applicable to Example 2		

Example 3

- Legacy Volume (1,000 gallons) = 2,174 gallons
- FY30 Annual Minimum Volume (1,000 gallons) = 4,000
- FY30 Projected Member City Rate = \$6.45/1000 Gallons

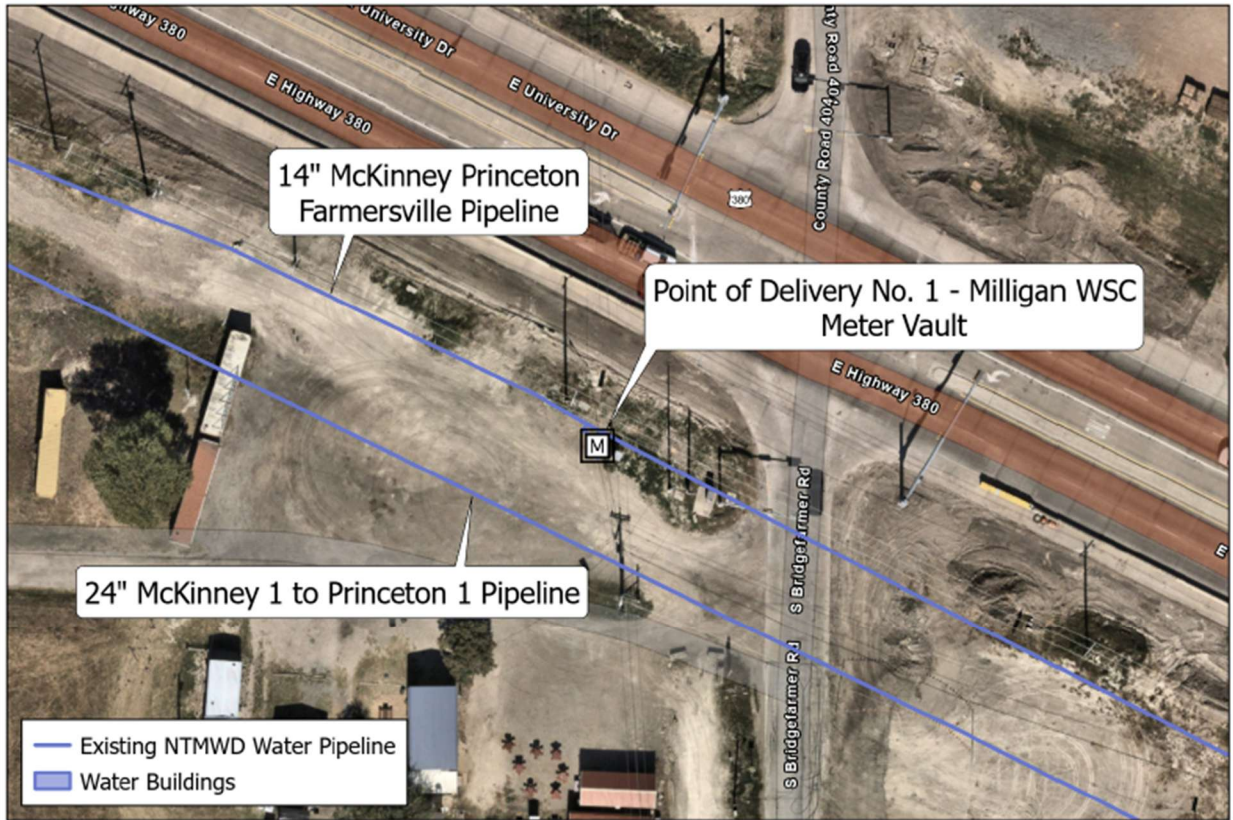
	Step	Calculation	Result
1	Calculate Annual Minimum Volume using Rolling Average Methodology		4,000
2	Compare Annual Minimum Volume to Legacy Volume to determine Growth Volume	$4,000 > 2,174 \rightarrow 4,000 - 2,174$	Growth Volume = 1,826
3	Apply Member City Rate + \$0.05 to Legacy Volume (or Annual Minimum Volume if less than Legacy)	$(\$6.45 + .05) * 2,174$	\$14,131 (\$109 premium)
4	Apply Member City Rate +10% to Growth Volume	$(\$6.45 * 1.1) * 1,826$	\$12,955 (\$1,178 premium)
5	Calculate the Customer's Effective Premium Rate	$(\$1,287 / 4,000) = \$0.32$ $\$0.32 / \$6.45 = 5\%$	Effective Premium is \$0.32/1000 gallons and 5% of Member City Rate
6	If the Effective Premium Rate is less than or equal to 2.8%, calculation is complete	No - Effective Premium 5% > 2.8%	Recalculate
7	If the Effective Premium Rate is greater than 2.8%, recalculate charges at (Member Rate + 2.8%) * Annual Minimum Volume	$(\$6.45 * 1.028) * 4,000$	Customer pays \$26,522 (\$722 premium)

Note: Once Customer reaches the 2.8% Effective Premium Cap, all volumes will be charged the Member City Rate + 2.8%

EXHIBIT B
CURRENT WHOLESALE CUSTOMERS

Not Applicable

EXHIBIT C
POINTS OF DELIVERY



Point of Delivery No. 1 - Milligan WSC



EXHIBIT D

EXPLANATION OF ANNUAL MINIMUM CALCULATION

The following is an explanation of the how the method for calculating Customer's Annual Minimum will follow the same method currently used for Member Cities as outlined in the First Amendment to North Texas Municipal Water District Regional Water Supply Facilities Amendatory Contract.

Method	Timeframe
Natural Drawdown	October 1, 2020 – September 30, 2028
Phase-in to 5 Year Rolling Averages	October 1, 2028 – September 30, 2032
5 Year Rolling Averages	October 1, 2032 and forward

Natural Drawdown Method

- This method provides a reduction in the upcoming year's Annual Minimum to any entity that is under its current year Annual Minimum. One-third of the excess usage is reduced on a pro-rata basis from those entities' current Annual Minimum. The proration is based on each entity's percent of the total under usage.
- An Annual Minimum cannot be reduced below prior year's actual volume.
- An entity establishing a new annual minimum by contract may not be eligible to participate, depending on contract terms.

Example on following page.

Natural Drawdown Example

Step 1: Calculate the Excess Usage and Drawdown Volume Amount

- Sum the actual usage amounts for Entities that exceed the annual minimums – Column E's Total = 90 Gallons
- The Drawdown to be allocated is one-third of the Excess Usage [90/3 = 30 Gallons]

	A	B	C=B-A	D	E
	Current Year's Annual Minimum	Actual Usage	Excess/ (Under)	Under Usage	Excess Usage
Entity A	150.0	140.0	(10.0)	(10.0)	
Entity B	120.0	190.0	70.0		70.0
Entity C	30.0	50.0	20.0		20.0
Entity D	80.0	60.0	(20.0)	(20.0)	
Entity E	340.0	300.0	(40.0)	(40.0)	
Total	720.0	740.0	20.0	(70.0)	90.0

Step 2: Allocate the Drawdown Volume to the Eligible Entities

- Reduce the Annual Minimums by the 30 Drawdown gallons to Entities A, D, and E proportionately to calculate the next year's Annual Minimums. Entities B and C are not eligible to receive a drawdown due to being over their Annual Minimum.

	A	B	C=B-A	D		E	F = %D * 30	G = A + F
	Current Year's Annual Minimum	Actual Usage	Excess/ (Under)	Under Usage		Excess Usage	Drawdown (1/3rd of Over Usage)	Next Year's Annual Minimum
Entity A	150.0	140.0	(10.0)	(10.0)	14%		(4.3)	145.7
Entity B	120.0	190.0	70.0			70.0		190.0
Entity C	30.0	50.0	20.0			20.0		50.0
Entity D	80.0	60.0	(20.0)	(20.0)	29%		(8.6)	71.4
Entity E	340.0	300.0	(40.0)	(40.0)	57%		(17.1)	322.9
Total	720.0	740.0	20.0	(70.0)	100%	90.0	(30.0)	780.0

Rolling Averages

The phase in of Rolling Averages begins on October 1, 2028 (FY28-29). Each of the phase in years is an average of a combination of FY28 Annual Minimums and Actual Water Year Usage. The schedule is below.

Year	Annual Minimum Volume - 5 Year Average Comprised of	
	Actual Usage	FY28 Annual Minimums
Year 1 - FY28-29	WY 28	WY28 * 4
Year 2 - FY29-30	WY28, WY29	WY28 * 3
Year 3 - FY30-31	WY28, WY29, WY30	WY28 * 2
Year 4 - FY31-32	WY28, WY29, WY30, WY31	WY28
Year 5 – FY32-33	WY28, WY29, WY30, WY31, WY32	

WY=Water Year August 1 – July 31. The Water Year is the 12-month period that the volume calculation applies to.

All years following FY32-33 shall be composed of the average of the previous 5 Water Years' actual usage.



2/26/2026

Administrative Memorandum No. 26-6239

Regional Water System

Authorization of Execution of the Potable Water Supply Contract with the Town of Little Elm, a current Customer of NTMWD.

SUBJECT

Authorize execution of new Potable Water Supply Contract with Town of Little Elm (Customer), a current Customer of NTMWD.

PURPOSE

The previous contract does not expire until March 27, 2033, but Customer and NTMWD desire to amend and completely restate the terms of the previous Contract and enter into a new Potable Water Supply Contract.

RECOMMENDATION

The Executive Director, NTMWD staff and Lloyd, Gosselink, Rochelle & Townsend, P.C., recommend the Board of Directors authorize execution of a potable water supply contract with Customer.

Contracting Party: Town of Little Elm

Scope: N/A

Project: N/A

Purpose: Potable Water Supply Contract

Committee: This will be an item on the February 25, 2026, Water Committee agenda

DRIVER(S) FOR THIS PROJECT

Strategic Objective:	1.1 High Quality Services 3.2 Engaged Members, Customers and Stakeholders
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☐ Regulatory Compliance	☐ Asset Condition
☐ Capacity	☐ Redundancy/Resiliency
☐ Relocation or External Requests	☐ Operational Efficiency
☐ Safety	☒ Administrative
☐ Policy	☐ Other _____

BACKGROUND**PURPOSE**

- NTMWD and Customer previously entered into the Previous Potable Water Supply Contract on March 27, 2003.
- Customer requests NTMWD provide a new Potable Water Contract and supersede and replace the Previous Contract in its entirety.
- Customer desires to adopt the updated customer contract template in order to take advantage of the favorable terms negotiated with Members and Customers and formally adopted by NTMWD.

COMPONENTS OF THE CONTRACT WITH CUSTOMER

- Contract term of 20 years.
- Delivery Point No. 1: Generally located near the intersection of El Dorado Parkway and the Burlington Northern Railroad on the thirty-inch (30") Frisco-McKinney Pipeline.
- Customer has indirect customers (per Exhibit B):
 - Frisco West Water Control and Improvement District of Denton County
 - Undine Texas, LLC
- Customer rate shall be equal to the rate set by the NTMWD Board of Directors for Member Cities ("Member City Rate") plus \$0.05.
- Commencing FY 2029, the customer rate shall be made up of two tiers and a cap that includes the Legacy Premium Component, Growth Premium Component, and Effective Premium Cap, as follows:
 - Legacy Premium Component: For that portion of Customer's annual minimum equal to its Fiscal Year (FY) 2028 annual minimum plus 5% ("Legacy Volume") the Customer Rate applied shall be the Member City Rate plus 5-cents ("Legacy Charge");
 - Growth Premium Component: For that portion of the Customer's annual minimum greater than the Legacy Volume ("Growth Volume"), the Customer Rate applied shall be the Member City Rate plus 10% ("Growth Charge"); and

- Effective Premium Cap: For the purposes of this calculation, “Effective Rate” means the amount to be paid by Customer per 1,000 gallons resulting from the calculation of the Legacy Premium Component and the Growth Premium Component. If the Customer’s calculated Effective Rate exceeds the Member City Rate plus 2.8%; the Customer Rate shall be adjusted to result in payment by Customer that equals the Member City Rate plus 2.8% (“Effective Premium Rate”). After a Customer reaches the Effective Premium Rate, the Customer Rate cannot fall below the Effective Premium Rate.
 - This phase in will only be available to Customers executing the new Customer contract template prior to July 31, 2028.
- The new Customer rate methodology and Customer contract are of benefit to Customers and the region in that it:
 - Provides certainty on the Customer rate for years to come;
 - Incentivizes conservation; and
 - Allows a reasonable phase-in for Customers through recognition of the Legacy Premium Component and Effective Premium Cap.
- An Annual Minimum of 1,995,934,000 gallons per year.
- An Annual Maximum of 2,330,000,000 gallons per year.
- Cost of potable water is set at the Customer Rate.
- Any water delivered in excess of the annual minimum will also be purchased at the water rate established by the Board of Directors.
- If Customer exceeds the maximum rate of delivery of 2.2 times the daily average, the Customer shall pay three times the Customer entity water rate for such quantity. There is a provision for emergency conditions extending up to 48 hours during which NTMWD may, at its sole discretion, waive the additional cost.
- NTMWD, in its sole discretion and at any time, may deliver water to Customer at a delivery rate greater than 2.2 times the daily average for the purpose of (i) minimizing or managing energy costs (4CP); or (ii) managing hydraulic constraints in NTMWD’s system. If NTMWD exercises either of these options, Customer shall only pay the contract water rate for water received.
- If NTMWD does not have infrastructure installed with the capability of limiting the delivery rate of water to 2.2 times the daily average, or such infrastructure is currently inoperable, Customer shall pay the contract water rate for water received from NTMWD.
- A provision that allows NTMWD to charge three times the water rate for such quantity of water used by the Customer that is above the authorized amount or authorized rate of delivery as allowed by NTMWD’s Water Conservation and Drought Contingency Plan, as such plan may be amended from time to time

Customer approved this Contract at its January 20, 2026, meeting. A copy of the contract is attached.

FUNDING

N/A

**NORTH TEXAS MUNICIPAL WATER DISTRICT
TOWN OF LITTLE ELM
POTABLE WATER SUPPLY CONTRACT**

THE STATE OF TEXAS §
 §
THE COUNTY OF DENTON §

THIS CONTRACT (the “Contract”) made and entered into as of this the _____ day of _____, 2026, by and between the North Texas Municipal Water District, hereinafter called “NTMWD”, a conservation and reclamation district created under Article 16, Section 59, of the Texas Constitution, and the Town of Little Elm, hereinafter called “Customer.” NTMWD and Customer are each referred herein as “party” and jointly referred to as “parties” in this Contract.

W I T N E S S E T H :

WHEREAS, NTMWD and Customer are authorized to enter into this Contract pursuant to Chapter 62, Acts of the 52nd Legislature, 1951 (Article 8280-141, Vernon's Texas Civil Statutes), Chapter 791 of the Texas Government Code (the “Interlocal Cooperation Act”) and other applicable laws;

WHEREAS, Customer and NTMWD previously entered into a Potable Water Supply Contract dated March 27, 2003 (the “Previous Contract”);

WHEREAS, the Previous Contract does not expire until March 27, 2033, but Customer and NTMWD desire to amend and completely restate the terms of the Previous Contract, and supersede and replace the Previous Contract in its entirety, as provided herein, and the Previous Contract shall have no further force and effect;

WHEREAS, Customer desires to obtain an adequate and dependable water supply from NTMWD;

WHEREAS, NTMWD was created, among other things, to serve the water needs of its Member Cities, as defined below;

WHEREAS, Customer acknowledges and understands that this Contract establishes a maximum amount of potable water that NTMWD is required to deliver to Customer;

WHEREAS, Customer agrees to construct and operate adequate water distribution, storage and pump station facilities so that the maximum delivery rate of water will not exceed, at any time, 2.2 times the Highest Historical Average at the Point(s) of Delivery, as such terms are defined herein;

WHEREAS, Customer acknowledges and understands that NTMWD determines the rates to be paid by Member Cities and Customer and that rates for Customer will not be the same as and are higher than the rates for Member Cities;

WHEREAS, Customer is not compelled to purchase water from NTMWD and is voluntarily entering into this Contract;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, NTMWD agrees to furnish water, and Customer agrees to pay for water, upon the terms and conditions and for the consideration hereinafter set forth, to wit:

Section 1. DEFINITION OF TERMS. The following terms and expressions as used in this Contract, unless the context clearly shows otherwise, shall have the following meanings:

- (a) “Annual Minimum” or “Annual Minimum Volume” means the minimum amount of potable water Customer must compensate NTMWD for during the Annual Payment Period, and each year thereafter, regardless of whether Customer actually takes such quantity of water. The Annual Minimum shall be adjusted annually after the first Annual Payment Period as provided in Section 8;
- (b) “Annual Maximum” means the maximum amount of potable water that NTMWD agrees to sell and deliver to Customer during any Water Year under this Contract;
- (c) “Annual Payment” means the amount of money to be paid to NTMWD by Customer during each Annual Payment Period;
- (d) “Annual Payment Period” means NTMWD’s fiscal year, which currently begins on October 1 of each calendar year and ends on September 30 of the next following calendar year, but which may be any twelve (12) consecutive month period fixed by NTMWD;
- (e) “Contract Date” means the effective date of this Contract as executed by both parties, which is the day and year first above written;
- (f) “Customer” means Town of Little Elm as defined in the preamble to this Contract;
- (g) “Customer Entity or Customer Entities” means any customer other than the Member Cities with which NTMWD contracts with to furnish water;
- (h) “Customer Rate” is defined as the rate to be paid by Customer on a per 1,000 gallon basis, calculated annually by NTMWD, as provided herein, and applied to Customer’s Annual Minimum. Initially, the Customer Rate shall be equal to the rate set by the NTMWD Board of Directors for Member Cities (“Member City Rate”) plus \$0.05. Commencing at the beginning of FY 2029, the Customer Rate shall be made up of two tiers and a cap that include the Legacy Premium Component, Growth Premium Component, and Effective Premium Cap, as set forth below:
 - (i) “Legacy Premium Component”: For that portion of Customer’s Annual Minimum equal to its FY 2028 Annual Minimum plus 5% (“Legacy Volume”), the Customer Rate applied shall be the Member City Rate plus \$0.05 (“Legacy Charge”);
 - (ii) “Growth Premium Component”: For that portion of the Customer’s Annual Minimum greater than the Legacy Volume (“Growth Volume”), the Customer Rate applied shall be the Member City Rate plus 10% (“Growth Charge”); and
 - (iii) “Effective Premium Cap”: For the purposes of this calculation, “Effective Rate” means the amount to be paid by Customer per 1,000 gallons

resulting from calculation of the Legacy Premium Component and the Growth Premium Component. If the Customer's calculated Effective Rate exceeds more than 2.8% of the Member City Rate, the Customer Rate shall be adjusted to result in payment by Customer that equals the Member City Rate plus 2.8% (Effective Premium Rate"). After a Customer reaches the Effective Premium Rate, the Customer Rate cannot fall below the Effective Premium Rate.

Customer Rate calculation examples are included in **Exhibit A**.

- (i) "Emergency Condition" means a condition that necessitates an expeditious delivery of water to prevent or combat imminent peril to the public health, safety, or welfare;
- (j) "FY" means NTMWD's fiscal year which currently begins on October 1 of each calendar year and ends on September 30 of the next following calendar year, but which may be any twelve (12) consecutive month period fixed by NTMWD.
- (k) "Highest Historical Average" means the higher of (1) 5,468,312 gallons per day, that being 1/365 of the Annual Minimum as provided in Section 8 of this Contract at the Point(s) of Delivery, or (2) 1/365 of the highest annual amount of potable water delivered to the Customer at the Point(s) of Delivery in a Water Year during the term of this Contract.
- (l) "Member City or Member Cities" means the Cities of Allen, Farmersville, Forney, Frisco, Garland, McKinney, Mesquite, Plano, Princeton, Richardson, Rockwall, Royse City, Wylie, and any other city that may hereafter legally be annexed into the service area of NTMWD in accordance with Tex. Rev. Civ. Stat. Art. 8280-141;
- (m) "NTMWD" means the North Texas Municipal Water District as defined in the preamble to this Contract;
- (n) "Point(s) of Delivery" means the meter vault(s) at which water service is delivered by NTMWD to Customer at the location(s) specified in Section 5. The meter vault(s) and facilities upstream thereof shall be the sole responsibility of NTMWD, and facilities downstream thereof shall be the sole responsibility of the Customer except as otherwise provided herein by this Contract;
- (o) "Regional Contract" means the "North Texas Municipal Water District Regional Water Supply Facilities Amendatory Contract," dated August 1, 1988, as amended, together with all similar contracts between NTMWD and contracting parties;
- (p) "System" means, collectively, the existing system and the future improvements and water of NTMWD included as part of the System under the Regional Contract for projects, water storage, treatment, transmission and supply, including all dams, reservoirs, and other properties or interests therein wherever located. Said terms do not include any of NTMWD's facilities that provide wastewater treatment or disposal services, or solid waste disposal services, of any kind. Said terms do not include any facilities acquired or constructed by NTMWD with the proceeds from the issuance of "Special Facilities Bonds," which are payable from any source, contract, or revenues whatsoever, other than revenues from the System; and,

- (q) “Water Year” means the period of August 1 of each calendar year through July 31 of the next following calendar year, or such other twelve (12) month period designated by NTMWD to all Member Cities and Customer Entities.

Section 2. DELIVERY OF WATER. NTMWD agrees to sell and to deliver potable water under this Contract to Customer at its Point(s) of Delivery as described in Section 5 hereof, and Customer agrees to take at its Point(s) of Delivery all water required for use by Customer during the term of this Contract, including all potable water for Customer’s own use and for distribution to all customers served by Customer’s water distribution system, or within Customer’s existing certificated retail service area regulated by the Public Utility Commission of Texas (“PUCT”), or any successor agency. It is specifically provided, however, that after the Contract Date, Customer shall be required to enter into a new potable water supply contract with NTMWD to replace and supersede this Contract in its entirety prior to the Customer entering into, renewing, or amending with regard to volume of water to be supplied, any agreement to provide wholesale or retail potable water for use outside its boundaries, its extraterritorial jurisdiction, or its certificated retail service area. Customer shall not become a party to any contract for the sale of potable water that would violate or be inconsistent with the provisions of this Contract. NTMWD will use its best efforts to furnish and remain in a position to furnish potable water sufficient for all reasonable potable water requirements of Customer, but its obligation shall be limited to the amount of potable water available to it from the System during routine operation. NTMWD acknowledges that Customer currently provides wholesale water service to those entities identified on **Exhibit B** attached hereto, and consents thereto for all purposes.

The Annual Maximum that NTMWD agrees to sell and deliver to Customer under this Contract at the Point(s) of Delivery shall be 2,330,000,000 gallons per year. If Customer exceeds the Annual Maximum for the Point(s) of Delivery during any Water Year, within sixty (60) days of such exceedance Customer agrees to commence negotiations with NTMWD for the execution of a new or an amended or restated contract.

Except as provided in Section 8(j), the maximum rate of delivery at the Point(s) of Delivery shall not exceed 2.2 times the Highest Historical Average supplied to Customer hereunder, which is consistent with the capabilities and abilities of NTMWD facilities, and it is understood that NTMWD may from time to time adjust the maximum rate of delivery to all Customer Entities on a reasonable, equitable and uniform basis.

Section 3. OTHER CONTRACTS. NTMWD reserves the right to supply potable water from the System to additional parties as determined by the Board of Directors of NTMWD.

Section 4. QUALITY. The water to be delivered by NTMWD and received by Customer shall be potable water. Customer has satisfied itself that such water will be suitable for its needs, but NTMWD is obligated to treat such water so as to meet the standards of all State and Federal agencies having jurisdiction over water quality. NTMWD and Customer shall cooperate, each within its legal powers, in preventing, to the extent practicable, the pollution and contamination of the reservoirs and watersheds from which water is obtained.

Section 5. POINT(S) OF DELIVERY. The Point(s) of Delivery for Customer, located on **Exhibit C** attached hereto, identifies the location of the Point(s) of Delivery and the associated pipelines, named below.

Point of Delivery No. 1 – located near the intersection of El Dorado Parkway and the Burlington Northern Railroad on the thirty-inch (30”) Frisco-McKinney Pipeline

The parties agree that if the pipelines as depicted on Exhibit C are abandoned or relocated at the request of the Customer, the Customer shall pay all costs associated with the construction of a new Point of Delivery or connection to a different pipeline at the discretion of NTMWD, including any and all costs associated with furnishing the site of the new Point of Delivery as described in this section. NTMWD, in its sole discretion, may pay the costs associated with the construction of a new Point of Delivery.

Customer agrees to furnish the site at the Point(s) of Delivery and to construct and operate adequate water distribution, storage, and pump station facilities so that the maximum rate of delivery will not exceed 2.2 times the Highest Historical Average at the Point(s) of Delivery. Customer shall design and construct a separate vault for the Point(s) of Delivery. The vault will include the billing meter, control valve, and appropriate SCADA equipment. Customer shall also provide one level transmitter for the ground storage tank for NTMWD use and shall provide a separate air gap for the Point(s) of Delivery at the ground storage tank. At the request of the Customer, or upon NTMWD's own determination, NTMWD may install isolation valves associated with the Point(s) of Delivery. NTMWD may require Customer to bear all costs associated with such installation.

Customer shall provide to NTMWD all plans for the design, construction, and installation of any facilities and equipment required to receive and take all potable water delivered to it under this Contract and Customer shall not proceed with any construction or installation without NTMWD's prior written approval of such plans, which approval shall not be unreasonably withheld. Further, NTMWD shall have the right to inspect any and all facilities and equipment to ensure compliance with the NTMWD approved plans. Customer shall also perform and coordinate with NTMWD regarding any and all construction activities that involve the System. Customer shall construct, maintain, and operate, at its own cost and expense, all facilities and equipment necessary to receive and take all potable water delivered to it under this Contract. Regardless of NTMWD's approval of any Customer plans for the design, construction, and installation of any facilities and equipment required to receive and take all potable water delivered to it under this Contract, Customer is solely responsible for the sufficiency of design to receive volume(s) of water established pursuant to this Contract. Any construction from NTMWD's pipeline including the air gap must meet NTMWD standard specifications. Any change in the Point(s) of Delivery, including but not limited to a change in the type or size of meters, or size of tap, shall only be allowed if the Customer enters into a new or an amended and restated contract in accordance with Section 10, MODIFICATION. In NTMWD's sole discretion, NTMWD may waive the requirement for a new or an amended and restated contract for a change in the Point(s) of Delivery and allow such change through an amendment to this Contract.

Section 6. MEASURING EQUIPMENT. Customer shall furnish, and install at its own expense at, or near, the Point(s) of Delivery the necessary rate of flow equipment, of a standard type approved by NTMWD, for measuring properly in both low and high flow periods the quantity of potable water delivered under this Contract and such billing meter and other equipment so installed shall become the property of NTMWD. In its sole discretion, NTMWD may furnish, install, and/or replace at its own expense at, or near, the Point(s) of Delivery the necessary rate of flow equipment for measuring properly in both low and high flow periods the quantity of potable water delivered under this Contract and such billing meter and other equipment so installed shall remain the property of NTMWD. Customer shall have access to such metering equipment at all reasonable times, but the reading, calibration, and adjustment thereof shall be accomplished only by the employees or agents of NTMWD. For the purpose of this Contract, the original record or reading of the meter shall be the journal or other record book, including, but not limited to electronic databases, maintained by NTMWD in its office in which the records of the employees or agents of NTMWD who take the reading may be transcribed. Upon written request of Customer, NTMWD will provide a copy of such journal or record book, or permit it to have access to the same in the office of NTMWD during reasonable business hours.

Not more than once in any six (6) month time period, NTMWD shall test its billing meter if requested in writing by Customer to do so, in the presence of a representative of Customer, and the parties shall jointly observe any adjustments that are made to the billing meter in case any adjustments shall be necessary. If upon any test, the percentage of inaccuracy of any billing meter equipment is found to be in excess of two percent (2%), registration thereof shall be corrected for a period extending back to the time when such inaccuracy began, if such time is ascertainable, and if such time is not ascertainable, then for a period extending back one-half (1/2) of the time elapsed since the last date of calibration, but in no event further back than a period of six (6) months. If for any reason any billing meters are out of repair so that the amount of water delivered cannot be ascertained or computed from the reading thereof, the water delivered through the period such billing meters are out of service or out of repair shall be estimated and agreed upon by the parties hereto upon the basis of the best data available. For such purpose, the best data available shall be deemed to be the registration of any check meter or meters if the same have been installed and are accurately registering. Otherwise, the amount of water delivered during such period may be estimated (i) by correcting the error if the percentage of the error is ascertainable by calibration tests or mathematical calculation, or (ii) estimating the quantity of delivery by deliveries during the preceding periods under similar conditions when the billing meter or meters were registering accurately.

Customer may, at its option and its own expense, install and operate a check meter downstream of the Point(s) of Delivery to check each billing meter installed by NTMWD, but the measurement of water for the purpose of this Contract shall be solely by NTMWD's meters, except in the cases hereinabove specifically provided to the contrary. All such check meters shall be of standard make and shall be subject at all reasonable times to inspection and examination by any employee or agent of NTMWD.

Section 7. UNIT OF MEASUREMENT. The unit of measurement for potable water delivered under this Contract shall be 1,000 gallons of water, U.S. Standard Liquid Measure.

Section 8. PRICE AND TERMS. The service to be performed under this Contract by NTMWD consists of the readiness of NTMWD to deliver to Customer upon its demand, water in accordance with the conditions, limitations, and provisions of this Contract.

In return for such service, Customer agrees to compensate NTMWD by payment of certain minimum annual sums of money, for each of which said sums NTMWD agrees, if required by Customer, to deliver all, or so much thereof as Customer may desire, of a certain corresponding volume of water, as follows:

- (a) Customer will compensate NTMWD at the Customer Rate, as such Customer Rate is calculated on an annual basis by NTMWD in accordance with the provisions of this Contract, for an Annual Minimum of 1,995,934,000 gallons of water, regardless of whether said quantity is actually taken by Customer, and any water delivered in excess of the amount allowed for the Annual Minimum will also be purchased at the Customer Rate. The Annual Minimum Customer will be required to purchase at the above Customer Rate, shall be calculated annually for each ensuing year and such minimum amount shall be the value as calculated by using the same methodology as applied to the Member Cities or 1,995,934,000 gallons as set forth in **Exhibit D**; provided however, Customer cannot take more than 2,330,000,000 gallons per year as provided in Section 2 of this Contract, and Customer shall pay the Customer Rate for any water taken in excess of 2,330,000,000 gallons per year.
- (b) If potable water must be rationed, such rationing shall, within the limits permitted by law, be accomplished by NTMWD on an equal basis of the relative actual total amount of all potable water taken by each Customer Entity, respectively, during the last preceding

Annual Payment Period in which rationing among said Customer Entities was not necessary.

- (c) The Annual Minimum as set forth herein shall be reviewed at the end of the first Annual Payment Period, and each year thereafter, and shall be re-determined by the Board of Directors of NTMWD at that time based upon the methodology set forth in **Exhibit D**.
- (d) Payment of the Annual Payment shall be made each year by Customer to NTMWD in twelve (12) equal monthly installments, each of which shall be due and payable on or before the 10th day of the month following the service.
- (e) It is further agreed that, in addition to the amounts required to be paid by Customer herein, if during any Water Year Customer uses System treated water in excess of the Annual Minimum for the Annual Payment Period that commenced during such Water Year up to the Annual Maximum allowed in Section 8(a) or in excess of the Annual Maximum allowed in Section 8(a), then Customer shall pay for such excess water in accordance with the provisions of Section 8(a). Excess water charges shall be billed by NTMWD to Customer as soon as practicable after the end of such Water Year and shall be paid to NTMWD as soon as practicable thereafter, and in all events prior to the beginning of the next Annual Payment Period.
- (f) Liability for making payments, as herein set forth, shall commence on the date of the first tender of delivery of water to Customer by NTMWD at the Point(s) of Delivery.
- (g) In the event that Customer shall fail to make any such monthly payment or Annual Payment within the time herein in this section specified, interest on such amount shall accrue at the rate of ten percent (10%) per annum from the date such payment becomes due until paid in full with the interest as herein specified. In the event such payment is not made within thirty (30) days from the date such payment becomes due, and unless otherwise prohibited by law, NTMWD may at its option discontinue delivery of water to Customer upon reasonable notice to Customer until the amount due NTMWD is paid in full with interest as herein specified.
- (h) If Customer takes an amount of water above the authorized amount or authorized rate of delivery allowed by NTMWD's water conservation plan and drought contingency plan, as may be amended from time to time, NTMWD may require the Customer to pay three (3) times the Customer Rate for water taken in excess of the authorized amount or authorized rate of delivery under either plan. NTMWD shall provide 14 day written notice upon the first observed exceedance in a Fiscal Year before the imposition of such surcharge.
- (i) Any time Customer exceeds the maximum rate of delivery of 2.2 times the Highest Historical Average at the Point(s) of Delivery as determined by the NTMWD, Customer shall pay three (3) times the Customer Rate for such water. NTMWD shall provide 14 day written notice upon the first observed exceedance in a Fiscal Year before the imposition of such surcharge.
- (j) In the event of an Emergency Condition, as that term is defined herein, NTMWD may, in its sole discretion, waive the increased rate in Section 8(i) for exceedance of the maximum rate of delivery of 2.2 times the Highest Historical Average for the Point(s) of Delivery. This waiver shall apply for a 48-hour period, after which such waiver shall terminate. In

its sole discretion, NTMWD may extend the waiver for additional 48-hour periods, if NTMWD determines that an extension of the waiver is warranted.

NTMWD, at its sole discretion and at any time, may deliver water to Customer at a delivery rate greater than 2.2 times the Highest Historical Average for the purpose of (i) minimizing or managing energy costs (e.g. 4 Coincident Peak (4CP), minimizing pump starts and/or stops, etc.); or (ii) managing hydraulic constraints in the System. In the event NTMWD exercises either of these options, Customer shall pay only the Customer Rate for water received. Additionally, if NTMWD does not have infrastructure installed with the capability of limiting the delivery rate of water to 2.2 times the Highest Historical Average, or such infrastructure is inoperable, Customer shall pay the Water Rate for water received from NTMWD.

Section 9. TERM OF CONTRACT. This Contract shall commence on the Contract Date and shall continue for a term of twenty (20) years following the Contract Date.

Section 10. MODIFICATION. This Contract may be changed or modified only by written agreement of the parties and only after having obtained approval from the governing bodies of both NTMWD and Customer. No change or modification shall be made to this Contract which will affect adversely the prompt payment when due of all monies required to be paid by Customer under the terms of this Contract.

Section 11. FORCE MAJEURE. If by reason of force majeure any party hereto shall be rendered unable wholly or in part to carry out its obligations under this Contract, other than the obligation of Customer to make the payments required under Section 8 of this Contract, then if such party shall give notice and full particulars of such force majeure in writing to the other party within a reasonable time after occurrence of the event or cause relied on, the obligation of the party giving such notice, so far as it is affected by such force majeure, shall be suspended during the continuance of the inability then claimed, but for no longer period, and any such party shall endeavor to remove or overcome such inability with all reasonable dispatch. The term "force majeure" as employed herein shall mean acts of God, strikes, lockouts, or other industrial disturbances, acts of public enemy, orders of any kind of the Government of the United States or the State of Texas, or any civil or military authority, insurrection, riots, epidemics (including pandemics), landslides, lightning, earthquake, fires, hurricanes, storms, floods, washouts, droughts, arrests, restraint of government and people, civil disturbances, explosions, breakage or accidents to machinery, pipelines or canals, partial or entire failure of water supply, or on account of any other causes not reasonably within the control of the party claiming such inability.

Section 12. INSURANCE. NTMWD agrees to carry and arrange for fire, casualty, public liability, and/or other insurance, including self-insurance for purposes and in amounts which, as determined by NTMWD, ordinarily would be carried by a privately-owned utility company owning and operating such facilities, except that NTMWD shall not be required to provide liability insurance except to insure itself against risk of loss due to claims for which it can, in the opinion of NTMWD's legal counsel, be liable under the Texas Tort Claims Act or any similar law or judicial decision. Such insurance will provide, to the extent feasible and practicable, for the restoration of damaged or destroyed properties and equipment, to minimize the interruption of the services of such facilities. All premiums for such insurance shall constitute just and reasonable operation and maintenance expense. The insurance coverage referenced herein does not extend to any facility owned by Customer.

Section 13. REGULATORY BODIES AND LAWS. This Contract is subject to all applicable Federal and State laws and any applicable permits, ordinances, rules, orders, and regulations of any local, state or federal governmental authority having or asserting jurisdiction, but nothing contained herein shall

be construed as a waiver of any right to question or contest any such law, ordinance, order, rule, or regulation in any forum, having jurisdiction.

Section 14. NOTICES. Unless otherwise provided herein, any notice, communication, request, reply, or advice (herein severally and collectively, for convenience, called "Notice") herein provided or permitted to be given, made, or accepted by any party to any other party must be in writing and may be given or be served by depositing the same in the United States mail, addressed to the party to be notified and sent via first-class mail and by certified mail/return-receipt requested, or by delivering the same to an officer of such party. Notice deposited in the mail in the manners hereinabove described shall be deemed to be effective, unless otherwise stated herein, from and after the expiration of three (3) days after it is so deposited. Notice given in any other manner shall be effective only if and when received by the party to be notified. For the purposes of Notice, the addresses of the parties shall, until changed as hereinafter provided, be as follows:

If to NTMWD, to:

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

If to Customer, to:

Town Administrator
Town of Little Elm
P.O. Box 129
Little Elm, Texas 75068

The parties hereto shall have the right from time to time and at any time to change their respective addresses and each shall have the right to specify as its address any other address by at least fifteen (15) days written notice to the other parties hereto.

Section 15. SEVERABILITY. The parties hereto specifically agree that in case any one or more of the sections, subsections, provisions, clauses, or words of this Contract or the application of such sections, subsections, provisions, clauses, or words to any situation or circumstance should be, or should be held to be, for any reason, invalid or unconstitutional, under the laws or constitutions of the State of Texas or the United States of America, or in contravention of any such laws or constitutions, such invalidity, unconstitutionality, or contravention shall not affect any other sections, subsections, provisions, clauses, or words of this Contract or the application of such sections, subsections, provisions, clauses, or words to any other situation or circumstance, and it is intended that this Contract shall be severable and shall be construed and applied as if any such invalid or unconstitutional section, subsection, provision, clause, or word had not been included herein, and the rights and obligations of the parties hereto shall be construed and remain in force accordingly.

Section 16. VENUE. All amounts due under this Contract including, but not limited to, payments due under this Contract or damages for the breach of this Contract, shall be paid and be due in Collin County, Texas, which is the County in which the principal administrative offices of NTMWD are located. It is specifically agreed among the parties to this Contract that Collin County, Texas, is a principal place of performance of this Contract.

Section 17. OPERATING CONDITIONS AND PROVISIONS.

- (a) Operation and Maintenance of System. NTMWD will continuously operate and maintain the System in an efficient manner and in accordance with good business and engineering practices, and at reasonable cost and expense.
- (b) Title to Water; Indemnification. NTMWD shall retain title to all water supplied to Customer up to the Point(s) of Delivery, at which point title to such water shall pass to Customer. NTMWD and Customer shall save and hold each other harmless from all claims, demands, and causes of action that may be asserted by anyone on account of the transportation and delivery of said water while title remains in such party. As between the parties, Customer shall have the first right to use all effluent produced from any wastewater treatment plant that treats the wastewater resulting from the use of the water made available under this Contract for direct reuse, but solely for its own purposes, and not for sale to, or use by, any customer of the Customer. To the extent that effluent produced by a wastewater treatment plant that treats the wastewater resulting from the use of water made available under this Contract is discharged to water courses of the State, the right of Customer to reuse such effluent produced from such wastewater treatment is terminated, and NTMWD shall have the right, as between the parties, pursuant to any necessary authorization of the State, to indirectly reuse said effluent. Customer shall ensure via any wholesale contract with a subsequent customer, entered into after the Contract Date, to maintain NTMWD's right to indirectly reuse treated effluent, the underlying source of which is water from NTMWD made available under this Contract.
- (c) Operating Expenses of Customer. Customer represents and covenants that all payments to be made by it under this Contract shall constitute reasonable and necessary "operating expenses" of its system, as defined in Section 1502.056, Texas Government Code, and that all such payments will be made from the revenues of its system. Customer represents and has determined that the potable water supply to be obtained from the System is absolutely necessary and essential to the present and future operation of its water system and is the only available and adequate source of supply of potable water. Accordingly, all payments required by this Contract to be made by Customer shall constitute reasonable and necessary operating expenses of its respective system as described above, with the effect that the obligation to make such payments from revenues of such system shall have priority over any obligation to make any payments from such revenues (whether of principal, interest, or otherwise) with respect to all bonds or other obligations heretofore or hereafter issued by Customer.
- (d) Customer's Rate for Waterworks System. Customer agrees throughout the term of this Contract to continuously operate and maintain its waterworks system, and to fix and collect such rates and charges for water services to be supplied by its waterworks system as aforesaid as will produce revenues in an amount equal to at least (i) all of its payments under this Contract; and (ii) all other amounts required to be paid from said revenues by the provisions of the ordinances or resolutions authorizing its revenue bonds or other obligations now or hereafter outstanding and to file appropriate financial reports related to the Customer's system including annual audits.
- (e) Equity. Customer acknowledges that it will accrue no equity or any other interest in the System or any other assets of NTMWD as a result of payment or other performance pursuant to this Contract.

Section 18. WATER CONSERVATION. Customer acknowledges that as a regional wholesale supplier, NTMWD is subject to regulatory and legal requirements regarding the promotion of water

conservation and drought contingency planning for the System that allow it to make a water supply available to Customer. NTMWD's water conservation and drought contingency program is developed in adherence with TCEQ public participation requirements and in consultation with other area regional providers to promote consistency throughout the North Texas region. Customer agrees to adopt, implement, and enforce any and all ordinances and policies related to water conservation and drought management as required by the Texas Water Code, the rules of the TCEQ and any ordinance or policy related to water conservation and/or drought management proposed by the Board of Directors of NTMWD consistent with the above-described regional planning effort. NTMWD's obligations pursuant to this Contract shall be subject to Customer preparing and implementing a water conservation plan or water conservation measures, as well as implementing any water conservation plans and drought contingency plans adopted by NTMWD and required or approved by the TCEQ, the Board, or any other federal, state, or local regulatory authority with power to require or approve water conservation and drought contingency plans. Upon execution of this Contract, Customer shall submit its water conservation plan or water conservation measures, and drought contingency plan, to NTMWD for review and approval, and Customer agrees to amend its water conservation plan or water conservation measures, and drought contingency plan as requested by NTMWD in order to comply with requirements of NTMWD's water conservation plan and drought contingency plan, program and/or rules as described in this Section. Customer shall also submit any changes or amendments to its water conservation plan or water conservation measures, and drought contingency plan, to NTMWD for review and approval.

NTMWD has adopted a water conservation plan and a drought contingency plan, and may amend both from time to time.

If Customer fails to implement NTMWD's and its own drought contingency plan when trigger conditions occur, NTMWD may implement rationing and collect the rate for water withdrawn as provided in Section 8(h) of this Contract, as well as enforce any contractual, statutory, or common law remedies available. The amount of water that is provided pursuant to this Contract when Customer is not in compliance with NTMWD's water conservation plan and drought contingency plan will be reduced to the amount estimated as necessary to satisfy Customer's demand if Customer was operating in compliance with both NTMWD's and Customer's drought contingency plans.

If NTMWD authorizes Customer to resell water from the System pursuant to the conditions included herein, Customer shall require through a contract condition that any successive user(s) of water from the System must implement water conservation measures that comply with NTMWD's and Customer's water conservation plans, measures, programs, and/or rules.

Section 19. DEMAND ASSESSMENT. The location of the Point(s) of Delivery and any quantity set forth in this Contract are intended to meet the water needs of Customer. The needs of Customer are independently determined by Customer, and NTMWD has conducted no independent evaluation of the Customer's water system.

Section 20. SOLE AGREEMENT. This Contract constitutes the sole and only agreement of Customer and NTMWD and supersedes any prior understanding or oral or written agreements between Customer and NTMWD with respect to the subject matter of this Contract.

Section 21. NO THIRD PARTY BENEFICIARIES. This Contract shall inure only to the benefit of the parties hereto and third persons not privy hereto shall not, in any form or manner, be considered a third-party beneficiary of this Contract. Each party hereto shall be solely responsible for the fulfillment of its customer contracts or commitments, and NTMWD shall not be construed to be responsible for Customer's contracts or commitments by virtue of this Contract or any provision contained herein.

Section 22. WAIVER. Failure to enforce or the waiver of any provision of the Contract or any breach or nonperformance by the Customer or NTMWD shall not be deemed a waiver by the Customer or NTMWD of the right in the future to demand strict compliance and performance of any provision of this Contract.

Section 23. DISPUTES OTHER THAN RATE OR FEE DISPUTES; ABATEMENT. In accordance with the provisions of Subchapter I, Chapter 271, Texas Local Government Code, the parties agree that, prior to instituting any lawsuit or other proceeding arising from a dispute under this Contract, the parties will first attempt to resolve the dispute as provided as follows:

- (a) The dissatisfied party shall deliver a written notice substantially describing the nature of the dispute to the other party, requesting the other party to deliver a written response within ten (10) business days after receipt of the notice of dispute;
- (b) If the response does not, in the opinion of the dissatisfied party, reasonably resolve the dispute, the dissatisfied party shall notify the other party in writing. Each party shall then appoint a person having authority over the activities of the respective parties who shall promptly meet, in person or via a virtual meeting, in an effort to resolve the dispute; and
- (c) If those persons cannot or do not resolve the dispute, then the parties shall each appoint a person from the highest tier of managerial responsibility within each respective party, who shall then promptly meet, in person or via a virtual meeting, in an effort to resolve the dispute.

Any lawsuit filed prior to performing these steps shall be abated pending completion of this dispute resolution process. This section shall not apply to any disputes regarding rates or fees NTMWD charges Customer. The provisions of this section are a condition precedent to the filing of any other action or complaint with any regulatory authority, governing body, or state or federal court.

Section 24. RATE OR FEE DISPUTES. Customer agrees that, as a condition precedent to instituting any lawsuit or other proceeding arising from a rate or fee dispute (including any other charges NTMWD may assess) under this Contract, Customer shall first attempt to resolve the dispute as provided as follows:

- (a) Customer shall deliver a written notice substantially describing the nature of and reasons for the dispute to NTMWD;
- (b) NTMWD shall respond to the dispute notification in writing within ten (10) business days after receipt of the notice of dispute;

The provisions of this section are a condition precedent to the filing of any other action or complaint with any regulatory authority, governing body, or state or federal court.

Section 25. TERMINATION AND MATERIAL BREACH. Any material breach of the duties or obligations of this Contract, or failure to faithfully keep and perform any of the terms, conditions and provision hereof shall be subject to the remedies provided in Section 26, including but not limited to termination. The non-breaching party shall provide the breaching party ninety (90) days written notice of its intention to terminate this Contract if the breaching party fails to cure the material breach. The written notice shall include a reasonable description of the breach. If the Customer is the breaching party, and fails or refuses to cure the breach, then NTMWD shall have the right, with five (5) years advance written additional notice to Customer and without any liability whatsoever on the part of NTMWD, to declare the

Contract terminated. In the event of termination of this Contract, all rights, powers, and privileges of Customer pursuant to this Contract shall cease and terminate and Customer shall make no claim of any kind whatsoever against NTMWD, its agents or representatives, by reason of such termination or any act incident thereto. In any event, the non-breaching party shall advise the alleged breaching party in writing immediately upon acceptance of the cure of any default. The following shall, without limitation, be considered to be a material breach:

- (a) Customer's failure to adopt and enforce reasonable policies or standards related to the System necessary to enforce any applicable NTMWD policies related to the protection and operation of the System for the benefit of all Members and Customers, contractual requirements, or any applicable state or federal laws or regulations;
- (b) Customer's failure to pay any bill, charge or fee as provided for in this Contract;
- (c) Customer's failure to provide NTMWD ingress and egress for purposes of sampling and operation and maintenance of any metering or any sampling facility; and
- (d) NTMWD's failure to timely provide water to Customer in an amount sufficient to serve existing customers of the Customer, up to the Annual Maximum set forth in Sections 2 and 8.

Section 26. REMEDIES. It is not intended hereby to specify (and this Contract shall not be considered as specifying) an exclusive remedy for any default, but all such other remedies, including termination as provided in Section 25, existing at law or in equity may be availed of by any party hereto and shall be cumulative.

Section 27. INDEMNITY. TO THE EXTENT ALLOWED BY LAW, CUSTOMER AGREES TO INDEMNIFY, HOLD HARMLESS, AND DEFEND NTMWD, ITS OFFICERS, AGENTS, AND EMPLOYEES FROM ANY AND ALL LIABILITY, INCLUDING CLAIMS, DEMANDS, DAMAGES, LIENS, ACTIONS OR CAUSES OF ACTION, TOGETHER WITH ANY AND ALL LOSSES, COSTS, OR EXPENSES, INCLUDING REASONABLE ATTORNEY FEES, ARISING OUT OF OR RELATING TO THIS CONTRACT, INCLUDING THE DELIVERY OF WATER UNDER THIS CONTRACT, CAUSED BY OR RESULTING FROM THE WILLFUL MISCONDUCT AND/OR GROSSLY NEGLIGENT ACTS, ERRORS, OR OMISSIONS OF CUSTOMER, ITS EMPLOYEES, AGENTS, CONTRACTORS, OR SUBCONTRACTORS.

TO THE EXTENT ALLOWED BY LAW NTMWD AGREES TO INDEMNIFY, HOLD HARMLESS, AND DEFEND CUSTOMER, ITS OFFICERS, AGENTS, AND EMPLOYEES FROM ANY AND ALL LIABILITY, INCLUDING CLAIMS, DEMANDS, DAMAGES, LIENS, ACTIONS OR CAUSES OF ACTION, TOGETHER WITH ANY AND ALL LOSSES, COSTS, OR EXPENSES, INCLUDING REASONABLE ATTORNEY FEES, ARISING OUT OF OR RELATING TO THIS CONTRACT, INCLUDING THE DELIVERY OF WATER UNDER THIS CONTRACT, CAUSED BY OR RESULTING FROM THE WILLFUL MISCONDUCT AND/OR GROSSLY NEGLIGENT ACTS, ERRORS, OR OMISSIONS OF NTMWD, ITS EMPLOYEES, AGENTS, CONTRACTORS, OR SUBCONTRACTORS.

Section 28. ASSIGNMENT. Customer shall not assign this Contract or any of its rights hereunder without first obtaining the express prior written consent of NTMWD.

Section 29. RECITALS AND EXHIBITS INCORPORATED. The recitals contained in the preamble hereof and the exhibit(s) hereto are hereby found to be true, and such recitals and exhibit(s) are hereby made a part of this Contract for all purposes. The exhibits include:

Exhibit A – Customer Rate Premium Methodology Examples

Exhibit B – Current Wholesale Customers

Exhibit C – Points of Delivery

Exhibit D – Explanation of Annual Minimum Calculation

IN WITNESS WHEREOF, the parties hereto acting under authority of their respective governing bodies have caused this Contract to be duly executed in several counterparts, each of which shall constitute an original, all as of the day and year first above written, which is the Contract Date.

(Signatures on following pages)

TOWN OF LITTLE ELM

By: _____

Matt Mueller, Town Manager

_____ Date

ATTEST:

Caitlan Biggs, Town Secretary

STATE OF TEXAS §

§

COUNTY OF DENTON §

This instrument was acknowledged before me on this _____ day of _____, 2026,
by _____, _____ of Town of Little Elm, Texas a political
subdivision of the State of Texas, on behalf of said political subdivision.

Notary Public, State of Texas

Printed Name of Notary: _____

My Commission Expires: _____

EXHIBIT A

Customer Rate Premium Methodology Examples

Annually, District staff will calculate the Customer Rate for each Customer, beginning in FY29, as follows

1. Calculate Annual Minimum Volume using Rolling Average Methodology (See Exhibit D)
2. Compare Annual Minimum Volume to Legacy Volume to determine Growth Volume
3. Apply Member City Rate + \$0.05 to Legacy Volume to calculate Legacy Charges. If Annual Minimum Volume is less than Legacy Volume, only apply Member Rate + 5-cents to Annual Minimum Volume.
4. Apply Member City Rate +10% to Growth Volume to calculate Growth Charges
5. Calculate the Customer's Effective Premium Rate
6. If the Effective Premium Rate is less than or equal to 2.8%, calculation is complete
7. If the Effective Premium Rate is greater than 2.8%, recalculate charges (Member City Rate + 2.8%) * Annual Minimum Volume

Example 1

- Customer's Legacy Volume (1,000 gallons) = 1,716
- Customer's FY30 Annual Minimum Volume (1,000 gallons) = 1,599
- FY30 Projected Member City Rate = \$6.45/1,000 gallons

	Step	Calculation	Result
1	Calculate Annual Minimum Volume using Rolling Average Methodology		1,599
2	Compare Annual Minimum Volume to Legacy Volume to determine Growth Volume	$1,599 < 1,716$	Annual Minimum Volume is less than Legacy Volume, no Growth Volume
3	Apply Member City Rate + \$0.05 to Legacy Volume (or Annual Minimum Volume if less than Legacy Volume)	$(\$6.45 + 0.05) * 1,599$	\$10,394 Legacy Charges (\$80 premium)
4	Apply Member City Rate +10% to Growth Volume	0	No Growth Charges
5	Calculate the Customer's Effective Premium Rate	$\$0.05 / \$6.45 = 1\%$	Effective premium is \$0.05 and 1% of Member City Rate
6	If the Effective Premium Rate is less than or equal to 2.8%, calculation is complete	Yes – $1\% < 2.8\%$	Calculation Complete – Customer pays \$10,394 (\$80 premium)
7	Not Applicable to Example 1		

Example 2

- Legacy Volume (1,000 gallons) = 2,174 gallons
- FY30 Annual Minimum Volume (1,000 gallons) = 2,338
- FY30 Projected Member City Rate = \$6.45/1000 Gallons

	Step	Calculation	Result
1	Calculate Annual Minimum Volume using Rolling Average Methodology		2,338
2	Compare Annual Minimum Volume to Legacy Volume to determine Growth Volume	$2,338 > 2,174 \rightarrow 2,338 - 2,174$	Growth Volume = 164
3	Apply Member City Rate + \$0.05 to Legacy Volume (or Annual Minimum Volume if less than Legacy)	$(\$6.45 + .05) * 2,174$	\$14,131 (\$109 premium)
4	Apply Member City Rate +10% to Growth Volume	$(\$6.45 * 1.1) * 164$	\$1,164 (\$106 premium)
5	Calculate the Customer's Effective Premium Rate	$(\$215 / 2,338) = \$0.09$ $\$0.09 / \$6.45 = 1.4\%$	Effective Premium is \$0.09/1,000 gallons and 1.4% of Member City Rate
6	If the Effective Premium Rate is less than or equal to 2.8%, calculation is complete	Yes – $1.4\% < 2.8\%$	Calculation complete – Customer pays \$15,295 (\$215 premium)
7	Not Applicable to Example 2		

Example 3

- Legacy Volume (1,000 gallons) = 2,174 gallons
- FY30 Annual Minimum Volume (1,000 gallons) = 4,000
- FY30 Projected Member City Rate = \$6.45/1000 Gallons

	Step	Calculation	Result
1	Calculate Annual Minimum Volume using Rolling Average Methodology		4,000
2	Compare Annual Minimum Volume to Legacy Volume to determine Growth Volume	$4,000 > 2,174 \rightarrow 4,000 - 2,174$	Growth Volume = 1,826
3	Apply Member City Rate + \$0.05 to Legacy Volume (or Annual Minimum Volume if less than Legacy)	$(\$6.45 + .05) * 2,174$	\$14,131 (\$109 premium)
4	Apply Member City Rate +10% to Growth Volume	$(\$6.45 * 1.1) * 1,826$	\$12,955 (\$1,178 premium)
5	Calculate the Customer's Effective Premium Rate	$(\$1,287 / 4,000) = \$0.32$ $\$0.32 / \$6.45 = 5\%$	Effective Premium is \$0.32/1000 gallons and 5% of Member City Rate
6	If the Effective Premium Rate is less than or equal to 2.8%, calculation is complete	No - Effective Premium 5% > 2.8%	Recalculate
7	If the Effective Premium Rate is greater than 2.8%, recalculate charges at (Member Rate + 2.8%) * Annual Minimum Volume	$(\$6.45 * 1.028) * 4,000$	Customer pays \$26,522 (\$722 premium)

Note: Once Customer reaches the 2.8% Effective Premium Cap, all volumes will be charged the Member City Rate + 2.8%

EXHIBIT B
CURRENT WHOLESALE CUSTOMERS

Frisco West Water Control and Improvement District of Denton County¹
Undine Texas, LLC²

¹ Before February 28, 2019, this water district was named “Denton County Fresh Water Supply District No. 8.”

² Before July 12, 2023, this wholesale purchaser was named “Terra Southwest, Inc.”

EXHIBIT C
POINTS OF DELIVERY

Town of Little Elm Point of Delivery No. 1



Town of Little Elm Point of Delivery No. 1



EXHIBIT D
EXPLANATION OF ANNUAL MINIMUM CALCULATION

The following is an explanation of the how the method for calculating Customer's Annual Minimum will follow the same method currently used for Member Cities as outlined in the First Amendment to North Texas Municipal Water District Regional Water Supply Facilities Amendatory Contract.

Method	Timeframe
Natural Drawdown	October 1, 2020 – September 30,2028
Phase-in to 5 Year Rolling Averages	October 1, 2028 – September 30, 2032
5 Year Rolling Averages	October 1, 2032 and forward

Natural Drawdown Method

- This method provides a reduction in the upcoming year's Annual Minimum to any entity that is under its current year Annual Minimum. One-third of the excess usage is reduced on a pro-rata basis from those entities' current Annual Minimum. The proration is based on each entity's percent of the total under usage.
- An Annual Minimum cannot be reduced below prior year's actual volume.
- An entity establishing a new annual minimum by contract may not be eligible to participate, depending on contract terms.

Example on following page.

Natural Drawdown Example

Step 1: Calculate the Excess Usage and Drawdown Volume Amount

- Sum the actual usage amounts for Entities that exceed the annual minimums – Column E's Total = 90 Gallons
- The Drawdown to be allocated is one-third of the Excess Usage [90/3 = 30 Gallons]

	A	B	C=B-A	D	E
	Current Year's Annual Minimum	Actual Usage	Excess/ (Under)	Under Usage	Excess Usage
Entity A	150.0	140.0	(10.0)	(10.0)	
Entity B	120.0	190.0	70.0		70.0
Entity C	30.0	50.0	20.0		20.0
Entity D	80.0	60.0	(20.0)	(20.0)	
Entity E	340.0	300.0	(40.0)	(40.0)	
Total	720.0	740.0	20.0	(70.0)	90.0

Step 2: Allocate the Drawdown Volume to the Eligible Entities

- Reduce the Annual Minimums by the 30 Drawdown gallons to Entities A, D, and E proportionately to calculate the next year's Annual Minimums. Entities B and C are not eligible to receive a drawdown due to being over their Annual Minimum.

	A	B	C=B-A	D		E	F = %D * 30	G = A + F
	Current Year's Annual Minimum	Actual Usage	Excess/ (Under)	Under Usage		Excess Usage	Drawdown (1/3rd of Over Usage)	Next Year's Annual Minimum
Entity A	150.0	140.0	(10.0)	(10.0)	14%		(4.3)	145.7
Entity B	120.0	190.0	70.0			70.0		190.0
Entity C	30.0	50.0	20.0			20.0		50.0
Entity D	80.0	60.0	(20.0)	(20.0)	29%		(8.6)	71.4
Entity E	340.0	300.0	(40.0)	(40.0)	57%		(17.1)	322.9
Total	720.0	740.0	20.0	(70.0)	100%	90.0	(30.0)	780.0

Rolling Averages

The phase in of Rolling Averages begins on October 1, 2028 (FY28-29). Each of the phase in years is an average of a combination of FY28 Annual Minimums and Actual Water Year Usage. The schedule is below.

Year	Annual Minimum Volume - 5 Year Average Comprised of	
	Actual Usage	FY28 Annual Minimums
Year 1 - FY28-29	WY 28	WY28 * 4
Year 2 - FY29-30	WY28, WY29	WY28 * 3
Year 3 - FY30-31	WY28, WY29, WY30	WY28 * 2
Year 4 - FY31-32	WY28, WY29, WY30, WY31	WY28
Year 5 – FY32-33	WY28, WY29, WY30, WY31, WY32	

WY=Water Year August 1 – July 31. The Water Year is the 12-month period that the volume calculation applies to.

All years following FY32-33 shall be composed of the average of the previous 5 Water Years' actual usage.



2/26/2026

Administrative Memorandum No. 26-6240

Regional Solid Waste System

Public Hearing on City of Melissa Request for Membership in Regional Solid Waste System

SUBJECT

Setting public hearing on City of Melissa request for membership in the Regional Solid Waste System.

PURPOSE

Seek Board of Directors action to set a hearing date on the City of Melissa's request for membership in the Regional Solid Waste System (RSWS).

RECOMMENDATION

The Executive Director, NTMWD staff, and Lloyd Gosselink Rochelle & Townsend, P.C. recommend the Board of Directors take the following action regarding the City of Melissa's request for membership in the Regional Solid Waste System:

- Set a hearing to be held March 3, 2026, at 1:00 p.m. at the NTMWD Administration Building, 501 E. Brown Street in Wylie, Texas, and direct NTMWD staff to provide written notice of the hearing to all RSWS members. This action will fulfill the Board's requirement to call the hearing and provide notice to RSWS Member Cities.

Committee: This was an action item at the January 21, 2026, Solid Waste Committee meeting

DRIVER(S) FOR THIS PROJECT

Strategic Objective:	1.1 High Quality Services 3.2 Engaged Members, Customers and Stakeholders
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☐ Regulatory Compliance	☐ Asset Condition
☐ Capacity	☐ Redundancy/Resiliency
☐ Relocation or External Requests	☐ Operational Efficiency
☐ Safety	☒ Administrative
☐ Policy	☐ Other _____

BACKGROUND

- The City of Melissa is an existing Customer of the Regional Water System and a member of the Regional Wastewater System. Melissa requested RSWS membership effective October 1, 2026, if approved. Melissa also requested that upon membership approval, their residents be allowed to dispose of household waste up to two times per month at any NTMWD facility under the Acceptable Waste Policy afforded to the RSWS Member City residents.
- Melissa had a population of approximately 26,000 in 2025 and is projected to grow to an anticipated buildout population of approximately 90,000 over the next 15 years.
- For fiscal years 2023, 2024, and 2025, Melissa delivered between 90 and 95 percent of the waste generated within the city to the NTMWD 121 Regional Disposal Facility (RDF) and those tons comprised less than 2 percent of the tons accepted at the landfill during those fiscal years.
- An evaluation was performed on the 121 RDF site life, capital needs, and financial impact on the RSWS 10-year strategic financial plan. There was no impact to the currently projected 41 years of remaining site life if Melissa were to become a RSWS Member City; there is no infrastructure to be purchased from Melissa, nor are there any capital improvements or accelerated capital spending required. The modeled cost per ton with Melissa as a RSWS Member City projects a \$0.42 increase to the current projected fiscal year 20207 RSWS Member City rate and decreases annually until fiscal year 2030, when it becomes lower than without Melissa as a RSWS Member City.
- NTMWD staff reviewed the request and has determined that it is sufficient for presentation to the Board for consideration of approval.

- Section 8.02 (b) of the Amended and Restated Regional Solid Waste System Contract provides the process for a city to become an additional RSWS Member City. This includes:
 - Submitting a formal request.
 - An evaluation to enable NTMWD to ascertain or estimate the requirements of the proposed additional RSWS Member City for the ensuing ten (10) year period.
 - Board of Directors call a hearing and notify all RSWS Member Cities to review the request.
 - Board of Directors determines if the proposed additional RSWS Member City shall become a RSWS Member City.
- Staff will present the proposed RSWS Member City contract between NTMWD and Melissa at a future Board meeting to consider membership. The proposed contract will be consistent with the terms and conditions of the existing Amended and Restated Regional Solid Waste System Contract between NTMWD and the current RSWS Member Cities.

FUNDING

N/A



2/26/2026

Administrative Memorandum No. 26-6241

Regional Solid Waste System

Second Modification of Interlocal Cooperation Agreement between NTMWD and City of Plano, and Companion Memorandum of Understanding between NTMWD and Cities of Allen, Frisco, McKinney, Plano, and Richardson Regarding Amended and Restated Regional Composting Program

SUBJECT

Authorize the Executive Director to execute the Second Modification of Interlocal Cooperation Agreement (ILA) Between North Texas Municipal Water District and the City of Plano, Texas for Amended and Restated Regional Composting Program, and execute the companion Second Modification of Memorandum of Understanding (MOU) Between North Texas Municipal Water District, Cities of Allen, Frisco, McKinney, Plano, and Richardson Regarding Amended and Restated Regional Composting Program Interlocal Agreement.

PURPOSE

The five Regional Solid Waste Member Cities (Member Cities) desire to modify the ILA between NTMWD and Plano to extend the term through September 30, 2030, and define the process for distributing surplus funds, if any, at the end of each fiscal year, and the deficit true up process, if any, at the end of each fiscal year. The companion MOU is modified to incorporate the surplus funds and deficit true up process and an agreement that the NTMWD and Member Cities will participate and complete negotiations by September 30, 2028, for any future operation changes to the program.

RECOMMENDATION

The Executive Director and NTMWD staff recommend the Board of Directors authorize the Executive Director to execute the Second Modification of the ILA and the Second Modification of the companion MOU for the Amended and Restated Regional Composting Program upon the Plano City Council authorization to execute the same documents and the cities of Allen, Frisco, McKinney, and Richardson executing the companion MOU.

Contracting Party: City of Plano for Second Modification to ILA and Cities of Allen, Frisco, McKinney, Plano, and Richardson for Second Modification to MOU

Scope: Execution of Second Modification of ILA and Second Modification of companion MOU

Project: N/A

Amount: N/A

Committee: This was a discussion item at the November 19, 2025, and January 21, 2026, Solid Waste Committee meeting

DRIVER(S) FOR THIS PROJECT

Strategic Objective:	2.2 Conscientious Environmental Stewardship
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☐ Regulatory Compliance	☐ Asset Condition
☐ Capacity	☐ Redundancy/Resiliency
☐ Relocation or External Requests	☐ Operational Efficiency
☐ Safety	☒ Administrative
☐ Policy	☐ Other _____

BACKGROUND

Second Modification of ILA between NTMWD and Plano

- Original ILA and companion MOU executed April 2016; initial term is 10 years.
- First modification to ILA effective October 1, 2023.
- Second modification extends contract term through September 30, 2030.
- Effective date of October 1, 2025, even if executed after that date.
- Defines Surplus Fund Allocation process.
- Defines Deficit True-Up Allocation process.
- If Member City doesn't reimburse Plano for a shortfall, the amount will be offset from a future year surplus.

Second Modification of the MOU between NTMWD and Solid Waste Member Cities

- Executed concurrently with ILA in April 2016.
- First modification to MOU effective October 1, 2023.
- Contractually commits all Member Cities to follow surplus funds and deficit true-up allocation process.
- If Member City doesn't reimburse Plano for a shortfall, the amount will be offset from a future year surplus.
- Agree to participate in and complete negotiations by September 30, 2028, for long-term operational changes to the program.
- Effective date of October 1, 2025, even if executed after that date.

2/26/2026

Administrative Memorandum No. 26-6241

Both documents are attached.

FUNDING

Funding for the preparation and review of these agreements is to be made available in the Regional Solid Waste System fiscal year 2026 Operating Budget (Account 401-5523-531400 Legal Service).

Second Modification of
Interlocal Cooperation Agreement
Between North Texas Municipal Water District and the City of Plano, Texas
for Amended and Restated Regional Composting Program

THIS SECOND MODIFICATION (“Second ILA Modification”) of the “Interlocal Cooperation Agreement Between North Texas Municipal Water District and the City of Plano, Texas for Amended and Restated Regional Composting Program” effective April 28th, 2016 (“Agreement”) is by and between the **NORTH TEXAS MUNICIPAL WATER DISTRICT**, a political subdivision of the State of Texas, (hereinafter referred to as “NTMWD” or “Owner”) and the **CITY OF PLANO, TEXAS**, a home-rule municipal corporation (hereinafter referred to as “Plano” or “Contractor”). Individually, NTMWD and Plano may be referred to as “Party” and collectively, NTMWD and Plano may be referred to as “Parties.”

W I T N E S S E T H:

WHEREAS, NTMWD and Plano entered into the Agreement on April 28, 2016 for a regional composting program (hereinafter “Program”); and

WHEREAS, the Parties amended the Agreement as set forth in the First Modification of the Agreement (the “First ILA Modification”) effective October 1, 2023; and

WHEREAS, Plano, NTMWD and the other Member Cities are entering into a “Second Modification of Memorandum of Understanding Between North Texas Municipal Water District, Cities of Allen, Frisco, McKinney, Plano, and Richardson Regarding Amended and Restated Regional Composting Program Interlocal Agreement” (the “Second MOU Modification”) contemporaneously with this Second ILA Modification; and

WHEREAS, the Parties desire to further amend the Agreement in certain respects as set forth herein in this Second ILA Modification.

NOW THEREFORE, the Agreement and the First ILA Modification are incorporated herein as if written word for word. Except as provided below, all other terms and conditions of the Agreement and the First ILA Modification shall remain unchanged and shall remain in full force and effect. In the event of any conflict or inconsistency between the provisions set forth in this Second ILA Modification, the First ILA Modification, and the Agreement, priority of interpretation shall be in the following order: Second ILA Modification, First ILA Modification, then Agreement. In consideration of the foregoing, and for other good and valuable consideration, the Parties hereto agree as follows:

ARTICLE 1.

All of the recitals set forth above are hereby approved and incorporated into the body of this Second ILA Modification for all purposes allowed by law as if copied and restated in their entirety.

ARTICLE 2.

Beginning on the Effective Date of this Second ILA Modification set forth in Article 3 and continuing through the remaining term, **Section II. TERM** is hereby modified to read in its entirety as follows:

**“II.
TERM**

This Amended Agreement shall be effective through September 30, 2030, unless otherwise terminated in accordance with the provisions herein.”

ARTICLE 3.

Beginning on the Effective Date of this Second ILA Modification set forth in Article 3 and continuing through the remaining term of the Agreement, **Section VI. PAYMENT/FUNDING** of the Agreement and as subsequently modified by the First ILA Modification is hereby modified in its entirety to read as follows:

**“VI.
PAYMENT/FUNDING**

1. Owner agrees to allow Contractor to establish a yearly disposal rate based on the anticipated tonnage of Acceptable Materials to be delivered by the Member Cities at Full Participation or Partial Participation (including each City, each business contracted with a Member City to haul waste, or each resident of each Member City) to the Custer Road Facility, taking into consideration the estimated expenses for the fiscal year and the TCEQ Compost Refund to be provided by Owner to Contractor as follows:

i. For Fiscal Year 2023 – 2024, the fee for Acceptable Materials shall be \$35.80 per ton for the “full participation” of all five Member Cities or \$37.95 per ton for full participation of less than all five Member Cities. “Full Participation” means the Member City utilizes the Custer Road Facility for both deposits of curbside collected yard debris and residential drop off.

ii. For subsequent fiscal years, the disposal rates set out in Subsection (i) above shall be adjusted annually to meet the anticipated financial needs of the Program, but any increase will not exceed the greater of three and one-half percent (3.5%) of that prior year’s rate or the percentage increase in the September Consumer Price Index for All Urban Consumers in the Dallas Fort Worth metropolitan area (“CPI-U”) as established by the Bureau of Labor Statistics of the U.S. Department of Labor, or any successor governmental agency, from the date of the prior annual adjustment.

2. For Fiscal Year 2023 – 2024, Owner will pay Contractor seven dollars and fifty cents (\$7.50) per ton for each ton of Food Waste delivered to the 121 RDF Facility from Allen, Frisco, McKinney and Richardson collections. For subsequent fiscal years, the disposal rate shall be adjusted annually to meet the financial needs of the Program, but any increase will not exceed the greater of three and one-half percent (3.5%) of that prior year’s rate or the percentage increase in the September Consumer Price Index for All Urban Consumers in the

Dallas Fort Worth metropolitan area ("CPI-U") as established by the Bureau of Labor Statistics of the U.S. Department of Labor, or any successor governmental agency, from the date of the prior annual adjustment.

3. Owner shall make payment to Contractor for both the disposal of Acceptable Materials and Food Waste within thirty (30) days of Owner's receipt of an acceptable invoice from Contractor. All fees and costs paid to Contractor by Owner in accordance with Sections 1 through 3 shall be paid from fees collected from Allen, Frisco, McKinney, and Richardson for delivery of Acceptable Materials.

4. Owner agrees to allow Contractor to charge separate tipping fees to individual commercial businesses (i.e., waste & recycling haulers, landscape contractors, and other generators of Acceptable Materials and Food Waste) that deliver material to either the Custer Road Facility or the 121 RDF Facility (collectively "Facility") for composting, which supports Contractor with material and revenue until such time as the Member Cities are supplying all necessary volumes of material. Additional materials from non-Member Cities will be adjusted and reduced when necessary to prevent operational limitations to all Member Cities material. At no time will these tipping fees be less than the Member Cities' fees, unless it is for Food Waste.

5. Owner agrees to track the tonnage of ground material and compost overs material that Contractor disposes of into the working face of the 121 RDF landfill on an annual basis. Owner will invoice Contractor for disposal of ground material and compost overs material that Contractor disposes of into the working face of the 121 RDF landfill at the end of Owner's fiscal year as follows:

i. For years in which Contractor disposes of greater than ten percent (10%) of its ground material and compost overs at the 121 RDF landfill, the cost for disposal of all the material charged using Owner's one-half ton accounting for material delivered.

ii. For years in which Contractor disposes of less than or equal to ten percent (10%) of its ground material and compost overs at the 121 RDF landfill Owner shall not charge for disposal of the ground material and compost overs.

6. In accordance with Section I, paragraph 3 of the MOU Amendment, Owner shall distribute the TCEQ Compost Refund to Plano to be used by Plano solely as a revenue source for the Program. This Section VI.6 shall survive termination of this Amended Agreement.

7. Contractor agrees to provide the "Profit/Revenue" share component described in this Section VI.7, to financially benefit the Member Cities for supplying Acceptable Materials, improving operational challenges and quality control aspects, supporting promotional and educational awareness of the Products throughout their communities, purchasing and applying the Products, and

advocating the Products as the preferred compost and mulch related products. Each December, Contractor will provide to Owner and the Member Cities an annual Regional Composting Program Profit/Revenue Share Report (hereinafter referred to as "Profit/Revenue Report") that documents the expenses, revenues and/or profit or loss per each Fiscal Year (October 1st to September 30th). Upon final audit of the Contractor's individual fiscal year budget, the Profit/Revenue Report will be updated to reflect the annual data and a cumulative total for the length of the Amended Agreement. The Member Cities shall be third-party beneficiaries of this Amended Agreement with respect to this Section VI.7. This Section VI.7 shall survive termination of this Amended Agreement.

i. **Surplus Fund Allocation.** At the conclusion of each fiscal year, if total revenues exceed total expenditures for the Program, the surplus funds shall be calculated by the Contractor and reported to the Member Cities. Contractor will report the year-end surplus amount along with recommended options for the use of the year-end surplus amount, which options may include, but are not necessarily limited to, applying the year-end surplus amount as a credit toward future tipping fees; establishing or adding to reserve balances for the Program to offset potential future deficits; reimbursement to Contractor of any shortfalls described in subparagraph 7.ii, hereinbelow; or other purposes as unanimously approved by the Member Cities. If the Member Cities do not reach a unanimous decision, then Contractor will return the year-end surplus amount to the Member Cities on a pro rata basis, based on each Member City's percentage of Acceptable Material (by weight) delivered to the Facility for that fiscal year, less any reimbursement due to Contractor pursuant to Paragraph 7.ii.

ii. **Deficit "True Up" Process.** At the conclusion of each fiscal year, if total expenditures exceed total revenues for the Program, Plano will calculate the deficit and allocate the amount of said shortfall among the Member Cities on a pro-rata basis, based on each Member City's Acceptable Material (by weight) delivered to the Facility for that fiscal year. Subject to the availability of funds from current revenues, each Member City shall reimburse Plano within 90 days of receipt of invoice for their proportionate share of any shortfall for said fiscal year. Failure of any Member City to reimburse Plano for that Member City's proportionate share of any shortfall for a particular fiscal year due to lack of availability of funds from current revenues is not a breach of the Second MOU Modification. However, if a Member City fails to reimburse Plano for that Member City's proportionate share of any shortfall for a particular fiscal year then any future year-end surplus that is otherwise payable to said Member City in a future year shall first be applied directly to reimbursing Plano for any shortfall the Member City did not previously reimburse to Plano and the remaining balance thereof, if any, paid to the Member City pursuant to Paragraph 7.i.

8. Owner and Contractor agree that the continuation of this Amended Agreement beyond the close of any given fiscal year of either Owner or Contractor shall be subject to approval by the governing body of each party. In the event that the governing body of either Owner or Contractor does not approve the

appropriation of funds for this Amended Agreement, this Amended Agreement shall terminate at the end of the fiscal year for which funds were appropriated and the Parties shall have no further obligations hereunder other than those specifically stated to survive termination of this Amended Agreement.”

ARTICLE 4.

The following miscellaneous provisions are a part of this Second ILA Modification:

1. All terms defined in the Agreement, First ILA Modification, MOU, First MOU Modification, and Second MOU Modification shall have the same meaning in this Second ILA Modification.
2. The effective date of this Second ILA Modification shall be October 1, 2025, even if fully executed after October 1, 2025 (the “Effective Date of this Second ILA Modification”).

IN WITNESS WHEREOF, the Parties acting under the authority of their respective governing bodies have caused this Second ILA Modification to be duly executed in multiple counterparts, each of which shall constitute an original.

NORTH TEXAS MUNICIPAL WATER DISTRICT

By: _____
Jennafer P. Covington
Executive Director/General Manager

Date: _____

CITY OF PLANO, TEXAS

By: _____
Mark D. Israelson
CITY MANAGER

Date: _____

APPROVED AS TO FORM:

Paige Mims, CITY ATTORNEY

Second Modification of
Memorandum of Understanding
Between North Texas Municipal Water District, Cities of Allen, Frisco, McKinney, Plano,
and Richardson Regarding
Amended and Restated Regional Composting Program Interlocal Agreement

THIS SECOND MODIFICATION OF Memorandum of Understanding (hereinafter "Second MOU Modification") is by and between the **NORTH TEXAS MUNICIPAL WATER DISTRICT** (hereinafter "NTMWD") and the **CITIES OF ALLEN, FRISCO, MCKINNEY, PLANO, and RICHARDSON** (hereinafter, each referred to as a "Member City" and collectively as "Member Cities").

W I T N E S S E T H:

WHEREAS, NTMWD and Member Cities entered into that certain "Memorandum of Understanding Between North Texas Municipal Water District, Cities of Allen, Frisco, McKinney, Plano, and Richardson Regarding Amended and Restated Regional Composting Program Interlocal Agreement" effective on April 28, 2016 (hereinafter "MOU") to enhance the existing long-term regional composting program with continued, cost effective composting services ("Program") that provide for efficient processing and transport of yard trimming materials from a NTMWD compost program facility site and back to market as finished product (currently branded Texas Pure Products ("Products")), thereby increasing water conservation and water quality in local creeks, streams, and lakes through reducing storm water impacts; and

WHEREAS, the MOU provides it was entered into by and between NTMWD and the Member Cities in conjunction with and in support of that certain "Interlocal Cooperation Agreement Between North Texas Municipal Water District and the City of Plano, Texas for Amended and Restated Regional Composting Program" effective April 28th, 2016 (the "Agreement") and that the term of the MOU is intended to extend throughout the term of the Agreement, as amended; and

WHEREAS, NTMWD and Member Cities entered into a First Modification of the MOU effective October 1, 2023 ("First MOU Modification"); and

WHEREAS, NTMWD and Member Cities desire to further amend such MOU as set forth in this Second MOU Modification.

NOW THEREFORE, the MOU and First MOU Modification are incorporated herein as if written word for word. Except as provided below, all other terms and conditions of the MOU and First MOU Modification shall remain unchanged and shall remain in full force and effect. In the event of any conflict or inconsistency, priority of interpretation shall be in the following order: Second MOU Modification, First MOU Modification, MOU. In consideration of the foregoing, and for other good and valuable consideration, NTMWD and Member Cities agree as follows:

I.

All of the recitals set forth above are hereby approved and incorporated into the body of this Second MOU Modification for all purposes allowed by law as if copied and restated in their entirety.

II.

Beginning on the effective date of this Second MOU Modification and continuing through the remaining term of the MOU, **Section II. Member City Responsibilities, sub-section B. All Member Cities (including Plano)**, of the MOU as previously modified by the First MOU Modification, is hereby further modified to add the following new subparagraphs 4 and 5 to read as follows:

“4. At the conclusion of each fiscal year, if total revenues exceed total expenditures for the Program, the surplus funds shall be calculated by Plano and reported to the Member Cities. Plano will report the year-end surplus amount along with recommended options for the use of the year-end surplus amount, which options may include, but are not necessarily limited to, applying the year-end surplus amount as a credit toward future tipping fees; establishing or adding to reserve balances for the Program to offset potential future deficits; reimbursement to Plano of any shortfalls described in subparagraph 5, hereinbelow; or other purposes as unanimously approved by the Member Cities. If the Member Cities do not reach a unanimous decision, then Plano will return the year-end surplus amounts to the Member Cities on a pro rata basis, based on each Member City’s percentage of Acceptable Material (by weight) delivered to the Facility for that fiscal year less any reimbursements due to Plano through Subparagraph 5, below.

5. At the conclusion of each fiscal year, if total expenditures exceed total revenues for the Program, Plano will calculate the deficit and allocate the amount of said shortfall among the Member Cities on a pro-rata basis, based on each Member City’s Acceptable Material (by weight) delivered to the Facility for that fiscal year. Subject to the availability of funds from current revenues, each Member City shall reimburse Plano within 90 days of receipt of invoice for their proportionate share of any shortfall for said fiscal year. Failure of any Member City to reimburse Plano for that Member City’s proportionate share of any shortfall for a particular fiscal year due to lack of availability of funds from current revenues is not a breach of the Second MOU Modification. However, if a Member City fails to reimburse Plano for that Member City’s proportionate share of any shortfall for a particular fiscal year then any future year-end surplus that is otherwise payable to said Member City in a future year shall first be applied directly to reimbursing Plano for any shortfall the Member City did not previously reimburse to Plano and the remaining balance thereof, if any, paid to the Member City in accordance with Subparagraph 4, above.”

III.

1. All terms defined in the MOU and First MOU Modification shall have the same meaning in this Second MOU Modification.
2. The effective date of this Second MOU Modification shall be October 1, 2025, even if fully executed after October 1, 2025.
3. NTMWD and Member Cities agree to participate in and complete negotiations by September 30, 2028 for any future operational changes to the Program. Such future operational changes may include, but are not limited to, whether Plano will continue service as NTMWD’s

composting contractor, and the fee structure for the collection and delivery of Acceptable Materials.

[Signatures begin on following page.]

NTMWD and Member Cities, acting under the authority of their respective governing bodies, have caused this Second MOU Modification to be duly executed in multiple counterparts, each of which shall constitute an original.

NORTH TEXAS MUNICIPAL WATER DISTRICT

Date: _____

By: _____
Jennafer P. Covington
Executive Director/General Manager

CITY OF ALLEN, TEXAS

Date: _____

By: _____
Eric Ellwanger
City Manager

APPROVED AS TO FORM:

PETER G. SMITH, CITY ATTORNEY

CITY OF FRISCO, TEXAS

Date: _____

By: _____
Wesley S. Pierson
City Manager

APPROVED AS TO FORM:

CITY ATTORNEY

CITY OF MCKINNEY, TEXAS

Date: _____

By: _____
Paul Grimes
City Manager

APPROVED AS TO FORM:

Mark S. Houser, CITY ATTORNEY

CITY OF PLANO, TEXAS

Date: _____

By: _____
Mark D. Israelson
CITY MANAGER

APPROVED AS TO FORM:

Paige Mims, CITY ATTORNEY

CITY OF RICHARDSON, TEXAS

Date: _____

By: _____
Don Wagner
City Manager

APPROVED AS TO FORM:

Peter G. Smith, CITY ATTORNEY