

RESOLUTION NO. 25-30

RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY  
OF NORTH TEXAS MUNICIPAL WATER DISTRICT, WATER SYSTEM  
REVENUE REFUNDING AND IMPROVEMENT BONDS, SERIES 2025,  
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 Chapter 62, Acts of the 52nd Legislature of Texas, Regular Session, 1951, as amended (the "District Act"); and

WHEREAS, among other bonds, the Issuer has previously authorized to be outstanding the following described bonds:

North Texas Municipal Water District Water System Revenue Refunding and Improvement Bonds, Series 2014 (the "*2014 Bonds*"); and

North Texas Municipal Water District Water System Revenue Refunding and Improvement Bonds, Series 2015 (the "*2015 Bonds*"); and

WHEREAS, the Issuer now desires to issue refunding bonds, in one or more series, to refund all or part of the of the outstanding Series 2014 Bonds and Series 2015 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, 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*"); and

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 ECP

Bonds"), and those Refundable ECP Bonds designated by the Authorized Officer in the Approval Certificate, each as defined herein, the "Refunded ECP Bonds"; and

WHEREAS, the issuance of the Bonds (hereinafter defined) and the application of the proceeds of the Bonds to refund the Refunded ECP 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 ECP Bonds for purposes of Section 1207.008(a)(2), Texas Government Code; and

WHEREAS, the Issuer also desires to provide funds with which to pay for certain improvements to its Water System (as defined herein), as further described herein; and

WHEREAS, the Issuer will authorize the Bonds pursuant to the District Act, Chapter 30, Texas Water Code, as amended, and Chapters 1207 and 1371 Texas Government Code, as amended, and other applicable laws; and

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

Section 1. AMOUNT AND PURPOSE OF THE BONDS. The bond or bonds of the Issuer are hereby authorized to be issued and delivered, in or more series, in an aggregate principal amount not to exceed \$1,050,000,000, for the purpose of providing funds for (i) REFUNDING A PORTION OF THE ISSUER'S OUTSTANDING REFUNDABLE BONDS, (ii) REFUNDING A PORTION OF THE DISTRICT'S OUTSTANDING WATER SYSTEM REVENUE BONDS- EXTENDABLE COMMERCIAL PAPER MODE (THE "REFUNDED ECP"), (iii) FOR THE CONSTRUCTION AND INSPECTION OF THE WYLIE WATER TREATMENT PLANT ("WTP") CONVERSION TO BIOLOGICALLY ACTIVE FILTRATION ("BAF"), NORTH GARLAND GROUND STORAGE TANK, PLANO WESTSIDE PIPELINE, WYLIE TO ROCKWALL PIPELINE RELOCATION, THE ACQUISITION AND DESIGN OF TEXOMA RAW WATER PIPELINE, AND OTHER SYSTEM IMPROVEMENTS, (iv) FUNDING A DEPOSIT TO THE RESERVE FUND TO THE EXTENT NECESSARY, AND (v) PAYING THE COSTS INCIDENT TO THE ISSUANCE AND DELIVERY OF THE BONDS. The refunding of any extendable commercial paper issued for any of the foregoing purposes with proceeds of the bonds authorized hereby shall constitute improving the North Texas Municipal Water District Water System.

Section 2. DESIGNATION OF THE BONDS. Each bond issued pursuant to this Resolution shall be designated: "NORTH TEXAS MUNICIPAL WATER DISTRICT, WATER SYSTEM REVENUE REFUNDING AND IMPROVEMENT BOND, SERIES 2025." 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 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 are each hereby designated as an "Authorized Officer" of the Issuer, and each is hereby authorized, appointed, and designated as the officer or employee of the Issuer authorized to act on behalf of the Issuer, which actions shall be evidenced by a certificate executed by such Authorized Officer (the "Approval Certificate") for a period not to extend beyond June 26, 2026, 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 \$1,050,000,000) 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 6.00% 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 and Refunded ECP Bonds; provided that the refunding of the Refunded Bonds accomplished through the issuance of the Bonds must produce a present value debt service savings of at least 3.00% of the total principal amount of the Refunded Bonds, net of expenses and any Issuer contribution. The Issuer acknowledges that the refunding of the Refunded ECP Bonds accomplished through the issuance of the Bonds is undertaken for debt restructuring purposes.

(b) The Initial Bond is hereby authorized to be issued, sold, and delivered hereunder as a single fully registered Bond, without interest coupons, in the denomination and aggregate principal amount set forth in the Approval Certificate (not exceeding \$1,050,000,000), 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 32 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 REFUNDING AND IMPROVEMENT BOND  
SERIES 2025

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:

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\* From Approval Certificate.

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

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

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

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\* From Approval Certificate.

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 (i) refunding \$\_\_\_\_\_ in principal amount of North Texas Municipal Water District Water System Revenue Refunding and Improvement Bonds, Series 2014, and \$\_\_\_\_\_ in principal amount of North Texas Municipal Water District Water System Revenue and Refunding Bonds, Series 2015, (ii) refunding a portion of the District's outstanding Water System Revenue Bonds - Extendable Commercial Paper Mode, (iii) improving the North Texas Municipal Water District Water System, (iv) funding a deposit to the Reserve Fund to the extent necessary, and (v) paying the costs incident to the issuance and delivery 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

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\* From Approval Certificate.

\*\* Issue Date (as defined in Section 4 hereof).

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)

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

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\* From Approval Certificate.

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 REFUNDING AND IMPROVEMENT BOND  
SERIES 2025

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

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

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

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\* Issue Date (as defined in Section 4 hereof).

\*\* From Approval Certificate.

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 (i) refunding \$\_\_\_\_\_\*, in principal amount of North Texas Municipal Water District Water System Revenue Refunding and Improvement Bonds, Series 2014, and \$\_\_\_\_\_\*, in principal amount of North Texas Municipal Water District Water System Revenue and Refunding Bonds, Series 2015, (ii) refunding a portion of the District's outstanding Water System Revenue Bonds - Extendable Commercial Paper Mode, (iii) improving the North Texas Municipal Water District Water System, (iv) funding a deposit to the Reserve Fund to the extent necessary, and (v) paying the costs incident to the issuance and delivery of this Bond.

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

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\* From Approval Certificate.



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

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

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

Years

Amounts

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

Years

Amounts

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

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

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\*\* Issue Date (as defined in Section 4 hereof).

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.

\_\_\_\_\_  
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

/\_\_\_\_\_/

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(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 2014 (the "Series 2014 Bonds"), dated as of June 15, 2014, authorized by a resolution of the Board on June 26, 2014 (the "Series 2014 Bond Resolution"), (iii) the North Texas Municipal Water District Water System Revenue Refunding and Improvement Bonds, Series 2015 (the "Series 2015 Bonds"), dated as of April 15, 2015, authorized by a resolution of the Board on April 23, 2015 (the "Series 2015 Bond Resolution"), (vi) the North Texas Municipal Water District Water System Revenue Refunding and Improvement Bonds, Series 2016 (the "Series 2016 Bonds"), dated as of October 15, 2016, authorized by a resolution of the Board on October 27, 2016 (the "Series 2016 Bond Resolution"), (v) the North Texas Municipal Water District Water System Revenue Bonds, Series 2017 (the "Series 2017 Bonds"), authorized by a resolution of the Board on June 22, 2017 (the "Series 2017 Bond Resolution"), (vi) the North Texas Municipal Water District Water System Revenue Bonds, Series 2018 (the "Series 2018 Bonds"), authorized by a resolution of the Board on June 22, 2017 (the "Series 2018 Bond Resolution"), (vii) the North Texas Municipal Water District Water System Revenue Bonds, Series 2018A (the "Series 2018A Bonds"), authorized by a resolution of the Board on March 22, 2018 (the "Series 2018 Bond Resolution"), (viii) the North Texas Municipal Water District Water System Revenue Bonds, Series 2019 (the "Series 2019 Bonds"), authorized by a resolution of the Board on March 28, 2019 (the "Series 2019 Bond Resolution"), (ix) the North Texas Municipal Water District Water System Revenue Refunding Bonds, Series 2019 (the "Series 2019 Refunding Bonds"), authorized by a resolution of the Board on March 28, 2019 (the "Series 2019 Refunding Resolution"), (x) the North Texas Municipal Water District Water System Revenue Bonds, Series 2019A (the "Series 2019A Bonds"), authorized by a resolution of the Board on March 28, 2019 (the "Series 2019A Bond Resolution"), (xi) the North Texas Municipal Water District Water System Revenue Refunding Bonds, Series 2020 (the "Series 2020 Bonds"), authorized by a resolution of the Board on March 26, 2020 (the "Series 2020 Bond Resolution"), (xii) the North Texas Municipal Water District Water System Revenue Refunding and Improvement Bonds, Series 2021 (the "Series 2021 Bonds"), authorized by a resolution of the Board on June 24, 2021 (the "Series 2021 Bond Resolution"), (xiii) the North Texas Municipal Water District Water System Revenue Refunding Bonds, Series 2021A (the "Series 2021A Bonds"), authorized by a resolution of the Board on August 26, 2021 (the "Series 2021A Bond Resolution"), and (xiv) 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").

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



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

Section 9. PLEDGE. (a) The Bonds authorized by this Resolution are hereby designated as, and shall be, "Additional Bonds" as permitted by Sections 22 and 23, respectively, of the Series 2014 Bond Resolution, the Series 2015 Bond Resolution, the Series 2016 Bond Resolution, the Series 2017 Bond Resolution, the Series 2018 Bond Resolution, the Series 2018A Bond Resolution, the Series 2019 Bond Resolution, the Series 2019A Bond Resolution, the Series 2019 Refunding Bond Resolution, the Series 2020 Bond Resolution, the Series 2021 Bond Resolution, the Series 2021A Bond Resolution, and the Series 2023 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 and Improvement 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, Series 2025 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 and Improvement 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 and Improvement Bonds Contingency Fund" (hereinafter called the "Contingency Fund"). The Contingency Fund shall be used solely for the purpose of paying the costs of improvements, enlargements, extensions, or additions to the System, and unexpected or extraordinary repairs or replacements of the System for which System funds are not otherwise available, or for paying unexpected or extraordinary Operation and Maintenance Expenses of the System for which System funds are not otherwise available, or for paying principal of and interest on any Parity Bonds or Additional Bonds, when and to the extent the amount in the Interest and Redemption Fund is insufficient for such purpose

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

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

credited to the Fund from which the deposit or investment was made. Such investments shall be sold promptly when necessary to prevent any default in connection with the Parity Bonds or Additional Bonds.

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

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

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

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

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

Section 17. RESERVE REQUIREMENTS. The Issuer is required to accumulate and maintain in the Reserve Fund an aggregate amount of money and/or investments equal in market value to the average annual principal and interest requirements on all outstanding Parity Bonds (the "Reserve Required Amount"). Immediately after the delivery of the Initial Bond, the District shall deposit to the credit of the Reserve Fund, from the proceeds from the sale and delivery of the Initial Bond, an amount of money, if any, which will cause the Reserve Fund to contain, together with the other money and/or investments then on hand therein, an amount of money and/or investments equal in market value to the Reserve Required Amount. No deposits shall be made into the Reserve Fund as long as the money and investments in the Reserve Fund are at least equal in market value to the Reserve Required Amount; but if and whenever the market value of money and investments in the Reserve Fund is reduced below said Reserve Required Amount because of a decrease in market value of investments, then the Issuer shall require the Member Cities to increase their payments under their respective Contracts as soon as practicable, and in any event within one year, in an amount sufficient to restore the

amount of such decrease; and in the event the Reserve Fund is used pay the principal of or interest on the Bonds because of insufficient amounts being available in the Interest and Redemption Fund, then the Issuer shall require the Member Cities to increase their payments under the their respective Contracts as soon as practicable, and in any event within one year, in an amount sufficient to restore the Reserve Fund to the Reserve Required Amount, and the Issuer shall deposit, in the Reserve Fund, in approximately equal periodic payments, not less than annual, such amounts as are required to cause the Reserve Fund to contain the Reserve Required Amount within five years from any date of the use of the Reserve Fund to pay such principal or interest. So long as the Reserve Fund contains the Reserve Required Amount, all amounts in excess thereof shall be deposited to the credit of the Interest and Redemption Fund on or before September 1 of each year.

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

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

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

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

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

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

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

(d) The term "Government Obligations" as used in this Section shall mean (i) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, and (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the Board of Directors adopts or approves

proceedings authorizing the issuance of refunding bonds or otherwise provide for the funding of an escrow to effect the defeasance of the Bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" of its equivalent.

(e) Notwithstanding any provisions of this Resolution, all money or Government Obligations set aside and held in trust pursuant to the provisions of this Section for the payment of the Bonds, the redemption premium, if any, and interest thereon, shall be applied to and used for the payment of the 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 the 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. AMENDMENT OF RESOLUTION. (a) The 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 any resolution authorizing the issuance of any Parity Bonds or 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, 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 any of the Parity Bonds or Additional Bonds for inspection by all owners 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 said 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 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 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 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 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, 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 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 ownership of and other matters relating to the Parity Bonds shall be determined from the registration books kept by the registrar therefor.

Section 26. DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED BONDS. 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.

(a) 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.

(b) 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.

(c) 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.

(d) 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 27. CUSTODY, APPROVAL, AND REGISTRATION OF BONDS; BOND COUNSEL'S OPINION, CUSIP NUMBERS, PREAMBLE, AND INSURANCE. The President of the Board of Directors of the Issuer is hereby authorized to have control of the Initial Bond issued hereunder and all necessary records and proceedings pertaining to said Initial Bond pending its delivery and its investigation, examination, and approval by the Attorney General of the State of Texas, and its registration by the Comptroller of Public Accounts of the State of Texas. Upon registration of said Initial Bond said Comptroller of Public Accounts (or a deputy designated in writing to act for said Comptroller) shall manually sign the Comptroller's Registration Certificate on said Initial Bond, and the seal of said Comptroller shall be impressed, or placed in facsimile, on said Initial Bond. The approving legal opinion of the Issuer's Co-Bond Counsel and the assigned CUSIP numbers may, at the option of the Issuer, be printed on said Initial Bond or on any Bonds issued and delivered in conversion of and exchange or replacement of any Bond, but neither shall have any legal effect, and shall be solely for the convenience and information of the registered owners of the Bonds. The preamble to this Resolution is

hereby adopted and made a part hereof for all purposes. If insurance is obtained by the Underwriter (as defined in Section 32 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 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 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. **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 31. 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 information to be updated includes all quantitative financial information and operating data with respect to the District of the general type included in this Official Statement under tables numbered 1 through 5 and all quantitative financial information and operating data with respect to each Significant Obligated Person of the general type included in Appendix C to the Official Statement. The Issuer will provide, or cause each Significant Obligated Person to provide, this information within six months after the end of each fiscal year ending in and after 2025.

The Issuer will additionally provide or cause to be provided annually to the MSRB, audited financial statements of the Issuer and each Significant Obligated Person, when and if available. 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 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 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;

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 31 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 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 Person 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 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:

*"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 32. SALE OF BONDS; PURCHASE AGREEMENT. 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 33. 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 34. 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 35. REFUNDING OF REFUNDED BONDS; ESCROW OR DEPOSIT AGREEMENT. (a) The Refunded Bonds are hereby directed to be called for redemption prior to maturity and shall be redeemed on the dates specified in the Approval Certificate. As soon as practicable after sale of the Bonds, a Notice of Redemption shall be delivered to the paying agent/registrar for the Refunded Bonds to notify, in accordance with the requirements of the Series 2014 Bond Resolution and the Series 2015 Bond 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 an Escrow or Deposit Agreement in substantially the form set forth in Exhibit B 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 Escrow Fund described in the Escrow Agreement or the Payment Account described in such Deposit Agreement. 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 to achieve a present value savings in debt service.

Section 36. REFUNDING OF REFUNDED ECP BONDS. 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 U.S. Bank National Association, as bank (the "Bank"), sufficient to provide for the refunding of all of the Refunded ECP 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 C, if required, or a sufficiency certificate or similar certificate, 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 Payment Account in the Deposit Agreement. 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.

Section 37. REDEMPTION OF REFUNDED ECP BONDS. (a) The Refunded ECP Bonds shall be paid upon the earlier of their stated maturity dates or the earliest redemption dates for which notice of redemption can be given pursuant to the Master Resolution, in each case at a price of par plus accrued interest to the date of payment. As soon as practicable after sale of the Bonds, appropriate notices of redemption shall be delivered to the paying agent/registrars for the Refunded Bonds to notify, in accordance with the requirements of the Master Resolution, the owners of the Refunded Bonds of the call for redemption thereof.

(b) In addition, the paying agent/registrars for the Refunded ECP 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 ECP Bonds may be redeemed on their respective redemption dates. The Refunded ECP Bonds shall be presented for redemption at the paying agent/registrars 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. FURTHER PROCEDURES. The President and the Secretary of the Board of Directors, the Executive Director, Assistant General Manager – Chief Financial 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 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 40. 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 41. SECURITY INTEREST. Chapter 1208, Texas Government Code, applies to the issuance of the Bonds and the pledge of the Pledged 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 Pledged 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 42. 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 43. EFFECTIVENESS. This Resolution shall be effective from the date and after the date of adoption by the Issuer; provided, however, if the Bonds authorized by this Resolution are not issued prior to June 26, 2026, this Resolution shall be void ab initio and shall be of no force and effect.

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## 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 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**

**FORM OF ESCROW AGREEMENT**

**ESCROW AGREEMENT**

North Texas Municipal Water District Water System  
Revenue Refunding and Improvement Bonds,  
Series 2014

North Texas Municipal Water District Water System  
Revenue Refunding and Improvement Bonds,  
Series 2015

THIS ESCROW AGREEMENT, dated as of \_\_\_\_\_, \_\_\_\_ (herein, together with any amendments or supplements hereto, called the "Agreement") is entered into by and between North Texas Municipal Water District (the "Issuer") and The Bank of New York Mellon Trust Company, National Association, as escrow agent (herein, together with any successor in such capacity, called the "Escrow Agent"). The addresses of the Issuer and the Escrow Agent are shown on Exhibit "A" attached hereto and made a part hereof.

WITNESSETH:

WHEREAS, the Issuer heretofore issued and there presently remain outstanding the obligations (the "Refunded Obligations") described in the Verification Report of Frost, PLLC CPAs, in conjunction with Public Finance Partners LLC (the "Report") relating to the Refunded Obligations, attached hereto as Exhibit "B" and made a part hereof ; and

WHEREAS, the Refunded Obligations are scheduled to mature in such years, bear interest at such rates, and be payable at such times and in such amounts as are set forth in the Report; and

WHEREAS, when firm banking arrangements have been made for the payment of principal and interest to the maturity or redemption dates of the Refunded Obligations, then the Refunded Obligations shall no longer be regarded as outstanding except for the purpose of receiving payment from the funds provided for such purpose; and

WHEREAS, Chapter 1207, Texas Government Code ("Chapter 1207") authorizes the Issuer to issue refunding bonds and to deposit the proceeds from the sale thereof, and any other available funds or resources, directly with any place of payment (paying agent) for any of the Refunded Obligations, and such deposit, if made before such payment dates and in sufficient amounts, shall constitute the making of firm banking and financial arrangements for the discharge and final payment of the Refunded Obligations; and

WHEREAS, Chapter 1207 further authorizes the Issuer to enter into an escrow agreement with any such paying agent for any of the Refunded Obligations with respect to the safekeeping, investment, administration and disposition of any such deposit, upon such terms and conditions as the Issuer and such paying agent may agree, provided that such deposits may be invested only in direct obligations of the United States of America, including obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, and which may be in book entry form, and which shall mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment of principal and interest on the Refunded Obligations when due; and

WHEREAS, the Escrow Agent is the paying agent for the Refunded Obligations and this Agreement constitutes an escrow agreement of the kind authorized and required by said Chapter 1207; and

WHEREAS, Chapter 1207 makes it the duty of the Escrow Agent to comply with the terms of this Agreement and timely make available to the other places of payment (paying agents) for the Refunded Obligations the amounts required to provide for the payment of the principal of and interest on such obligations when due, and in accordance with their terms, but solely from the funds, in the manner, and to the extent provided in this Agreement; and

WHEREAS, North Texas Municipal Water District Water System Revenue Refunding and Improvement Bonds, Series 2025 (the "Refunding Obligations") have been issued, sold and delivered for the purpose, among others, of obtaining the funds required to provide for the payment of the principal of the Refunded Obligations at their respective maturity dates or dates of redemption and the interest thereon to such dates; and

WHEREAS, the Issuer desires that, concurrently with the delivery of the Refunding Obligations to the purchasers thereof, certain proceeds of the Refunding Obligations, together with certain other available funds of the Issuer, if applicable, shall be applied to purchase certain direct obligations of the United States of America hereinafter defined as the "Escrowed Securities" for deposit to the credit of the Escrow Fund created pursuant to the terms of this Agreement and to establish a beginning cash balance (if needed) in such Escrow Fund; and

WHEREAS, the Escrowed Securities shall mature and the interest thereon shall be payable at such times and in such amounts so as to provide moneys which, together with cash balances from time to time on deposit in the Escrow Fund, will be sufficient to pay interest on the Refunded Obligations as it accrues and becomes payable and the principal of the Refunded Obligations on their maturity dates or dates of redemption; and

WHEREAS, to facilitate the receipt and transfer of proceeds of the Escrowed Securities, particularly those in book entry form, the Issuer desires to establish the Escrow Fund at a corporate trust office of the Escrow Agent; and

WHEREAS, the Escrow Agent is herein also referred to as the "Paying Agent," and any other paying agent for the Refunded Obligations, acting through the Escrow Agent, is also a party

to this Agreement, as a paying agent for the Refunded Obligations to acknowledge their acceptance of the terms and provisions of this Agreement in such capacity.

NOW, THEREFORE, in consideration of the mutual undertakings, promises and agreements herein contained, the sufficiency of which hereby are acknowledged, and to secure the full and timely payment of principal of and the interest on the Refunded Obligations, the Issuer and the Escrow Agent mutually undertake, promise, and agree for themselves and their respective representatives and successors, as follows:

## ARTICLE I

### DEFINITIONS AND INTERPRETATIONS

Section 1.01. Definitions. Unless the context clearly indicates otherwise, the following terms shall have the meanings assigned to them below when they are used in this Agreement:

"Code" means the Internal Revenue Code of 1986, as amended, or to the extent applicable the Internal Revenue Code of 1954, together with any other applicable provisions of any successor federal income tax laws.

"Escrow Fund" means the fund created by this Agreement to be administered by the Escrow Agent pursuant to the provisions of this Agreement.

"Escrowed Securities" means the direct noncallable, not pre-payable United States Treasury obligations and obligations the due timely payment of which is unconditionally guaranteed by the United States of America described in the Report or cash or other direct obligations of the United States of America substituted therefor pursuant to Article IV of this Agreement.

Section 1.02. Other Definitions. The terms "Agreement", "Chapter 1207", "Issuer", "Escrow Agent", "Refunded Obligations", "Refunding Obligations," "Report" and "Paying Agent", when they are used in this Agreement, shall have the meanings assigned to them in the preamble to this Agreement.

Section 1.03. Interpretations. The titles and headings of the articles and sections of this Agreement have been inserted for convenience and reference only and are not to be considered a part hereof and shall not in any way modify or restrict the terms hereof. This Agreement and all of the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to achieve the intended purpose of providing for the refunding of the Refunded Obligations in accordance with applicable law.



## ARTICLE II

### DEPOSIT OF FUNDS AND ESCROWED SECURITIES

Section 2.01. Deposits in the Escrow Fund. Concurrently with the sale and delivery of the Refunding Obligations the Issuer shall deposit, or cause to be deposited, with the Escrow Agent, for deposit in the Escrow Fund, the funds and Escrowed Securities described in the Report, and the Escrow Agent shall, upon the receipt thereof, acknowledge such receipt to the Issuer in writing.

## ARTICLE III

### CREATION AND OPERATION OF ESCROW FUND

Section 3.01. Escrow Fund. The Escrow Agent has created on its books a special trust fund and irrevocable escrow to be known as the "North Texas Municipal Water District Water System Revenue Refunding and Improvement Bond, Series 2025 Escrow Fund" (the "Escrow Fund"). The Escrow Agent hereby agrees that upon receipt thereof it will irrevocably deposit to the credit of the Escrow Fund the funds and the Escrowed Securities described in the Report. Such deposit, all proceeds therefrom, and all cash balances from time to time on deposit therein (a) shall be the property of the Escrow Fund, (b) shall be applied only in strict conformity with the terms and conditions of this Agreement, and (c) are hereby irrevocably pledged to the payment of the principal of and interest on the Refunded Obligations, which payment shall be made by timely transfers of such amounts at such times as are provided for in Section 3.02 hereof. When the final transfers have been made for the payment of such principal of and interest on the Refunded Obligations, any balance then remaining in the Escrow Fund shall be transferred to the Issuer, and the Escrow Agent shall thereupon be discharged from any further duties hereunder.

Section 3.02. Payment of Principal and Interest. The Escrow Agent is hereby irrevocably instructed to transfer from the cash balances from time to time on deposit in the Escrow Fund, the amounts required to pay the principal of the Refunded Obligations at their respective maturity dates and interest thereon to such maturity dates in the amounts and at the times shown in the Report.

Section 3.03. Sufficiency of Escrow Fund. The Issuer represents (based solely upon the Report) that the successive receipts of the principal of and interest on the Escrowed Securities will assure that the cash balance on deposit from time to time in the Escrow Fund will be at all times sufficient to provide moneys for transfer to the Paying Agent at the times and in the amounts required to pay the interest on the Refunded Obligations as such interest comes due and the principal of the Refunded Obligations as the Refunded Obligations mature, all as more fully set forth in the Report. If, for any reason, at any time, the cash balances on deposit or scheduled to be on deposit in the Escrow Fund shall be insufficient to transfer the amounts required by each place of payment (paying agent) for the Refunded Obligations to make the payments set forth in Section 3.02 hereof, notice of any such insufficiency shall be given to the Issuer and the Escrow Agent as promptly as practicable as hereinafter provided, but neither the Escrow Agent nor the Issuer shall in any manner be responsible for any insufficiency of funds in the Escrow Fund.

Section 3.04. Trust Fund. The Escrow Agent shall hold at all times the Escrow Fund, the Escrowed Securities and all other assets of the Escrow Fund, wholly segregated from all other funds and securities on deposit with the Escrow Agent; it shall never allow the Escrowed Securities or any other assets of the Escrow Fund to be commingled with any other funds or securities of the Escrow Agent; and it shall hold and dispose of the assets of the Escrow Fund only as set forth herein. The Escrowed Securities and other assets of the Escrow Fund shall always be maintained by the Escrow Agent as trust funds for the benefit of the owners of the Refunded Obligations; and a special account thereof shall at all times be maintained on the books of the Escrow Agent. The owners of the Refunded Obligations shall be entitled to the same preferred claim and first lien upon the Escrowed Securities, the proceeds thereof, and all other assets of the Escrow Fund to which they are entitled as owners of the Refunded Obligations. The amounts received by the Escrow Agent under this Agreement shall not be considered as a banking deposit by the Issuer, and the Escrow Agent shall have no right to title with respect thereto except as a constructive trustee and Escrow Agent under the terms of this Agreement. The amounts received by the Escrow Agent under this Agreement shall not be subject to warrants, drafts or checks drawn by the Issuer or, except to the extent expressly herein provided, by the Paying Agent.

Section 3.05. Security for Cash Balances. Cash balances from time to time on deposit in the Escrow Fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a pledge of direct obligations of, or obligations unconditionally guaranteed by, the United States of America, having a market value at least equal to such cash balances.

## ARTICLE IV

### LIMITATION ON INVESTMENTS

Section 4.01. Except as provided in Sections 3.02, 4.02, 4.03 and 4.04 hereof, the Escrow Agent shall not have any power or duty to invest or reinvest any money held hereunder, or to make substitutions of the Escrowed Securities, or to sell, transfer or otherwise dispose of the Escrowed Securities.

Section 4.02. Reinvestment of Certain Cash Balances in Escrow by Escrow Agent. In addition to the Escrowed Securities listed in the Report, the Escrow Agent shall reinvest cash balances shown in the Report in United States Treasury Certificates of Indebtedness, Notes or Bonds - State and Local Government Series with an interest rate equal to zero percent (0%) (the "Zero SLGs") to the extent such Zero SLGs are available from the Department of Treasury. All such re-investments shall be made only from the portion of cash balances derived from the maturing principal of and interest on any Escrowed Securities. Unless otherwise instructed by the Issuer in accordance with Section 4.03 hereof, the Escrow Agent shall acquire any Zero SLGs on the dates the Escrowed Securities listed in the Report mature, as shown in the Report, or on the first date Zero SLGs become available thereafter. The Escrow Agent shall purchase Zero SLGs that only mature on the dates shown in the Report.

Section 4.03. Substitutions and Reinvestments. At the discretion of the Issuer, the Escrow Agent, upon written direction, shall reinvest cash balances representing receipts from the Escrowed Securities, make substitutions of the Escrowed Securities or redeem the Escrowed Securities and reinvest the proceeds thereof or hold such proceeds as cash, together with other moneys or securities held in the Escrow Fund provided that the Issuer delivers to the Escrow Agent the following:

(1) an opinion by an independent certified public accountant that after such substitution or reinvestment the principal amount of the securities in the Escrow Fund (which shall be noncallable, not pre-payable direct obligations of the United States of America), together with the interest thereon and other available moneys, will be sufficient to pay, without further investment or reinvestment, as the same become due in accordance with the Report, the principal of, interest on and premium, if any, on the Refunded Obligations which have not previously been paid, and

(2) an unqualified opinion of nationally recognized municipal bond counsel to the effect that (a) such substitution or reinvestment will not cause the Refunded Obligations to be "arbitrage bonds" within the meaning of Section 103 of the Code or the regulations thereunder in effect on the date of such substitution or reinvestment, or otherwise make the interest on the Refunded Obligations subject to federal income taxation, and (b) such substitution or reinvestment complies with the Constitution and laws of the State of Texas and with all relevant documents relating to the issuance of the Refunded Obligations.

The Escrow Agent shall have no responsibility or liability for loss or otherwise with respect to investments made at the direction of the Issuer.

Section 4.04. Substitution for Escrowed Securities. Concurrently with the initial deposit by the Issuer with the Escrow Agent, but not thereafter, the Issuer, at its option, may substitute cash or direct noncallable and not pre-payable obligations of the United States Treasury (the "Substitute Obligations"), but only if such Substitute Obligations

- (a) are in an amount, and/or mature in an amount, which is equal to or greater than the amount payable on the maturity date of the obligation listed in the Report for which such Substitute Obligation is substituted,
- (b) mature on or before the maturity date of the obligation listed in the Report for which such Substitute Obligation is substituted, and
- (c) produce the amount necessary to pay the interest on and principal of the Refunded Obligations, as set forth in the Report, as verified by a certified public accountant or a firm of certified public accountants.

If, concurrently with the initial deposit by the Issuer with the Escrow Agent, any such Substitute Obligations are so substituted for any Escrowed Securities, the Issuer may, at any time

thereafter, substitute for such Substitute Obligations the same Escrowed Securities for which such Substitute Obligations originally were substituted.

Section 4.05. Arbitrage. The Issuer hereby covenants and agrees that it shall never request the Escrow Agent to exercise any power hereunder or permit any part of the money in the Escrow Fund or proceeds from the sale of Escrowed Securities to be used directly or indirectly to acquire any securities or obligations if the exercise of such power or the acquisition of such securities or obligations would cause any Refunding Obligations or Refunded Obligations to be an "arbitrage bond" within the meaning of the Code.

## ARTICLE V

### APPLICATION OF CASH BALANCES

Section 5.01. In General. Except as provided in Sections 3.02, 4.02, 4.03 and 4.04 hereof, no withdrawals, transfers, or reinvestment shall be made of cash balances in the Escrow Fund.

## ARTICLE VI

### RECORDS AND REPORTS

Section 6.01. Records. The Escrow Agent will keep books of record and accounts in which complete and correct entries shall be made of all transactions relating to the receipts, disbursements, allocations and application of the money and Escrowed Securities deposited to the Escrow Fund and all proceeds thereof, and such books shall be available for inspection at reasonable hours and under reasonable conditions by the Issuer and the owners of the Refunded Obligations.

Section 6.02. Reports. While this Agreement remains in effect, the Escrow Agent annually shall prepare and send to the Issuer a written report summarizing all transactions relating to the Escrow Fund during the preceding year, including, without limitation, credits to the Escrow Fund as a result of interest payments on or maturities of the Escrowed Securities and transfers from the Escrow Fund for payments on the Refunded Obligations or otherwise, together with a detailed statement of all Escrowed Securities and the cash balance on deposit in the Escrow Fund as of the end of such period.

## ARTICLE VII

### CONCERNING THE PAYING AGENTS AND ESCROW AGENT

Section 7.01. Representations. The Escrow Agent hereby represents that it has all necessary power and authority to enter into this Agreement and undertake the obligations and responsibilities imposed upon it herein, and that it will carry out all of its obligations hereunder. As a place of payment (paying agent) for the Refunded Obligations, the Paying Agent hereby

agrees that it has or will give all notices of redemption for the Refunded Obligations as required by the resolutions authorizing the Refunded Obligations.

Section 7.02. Limitation on Liability. The liability of the Escrow Agent to transfer funds for the payment of the principal of and interest on the Refunded Obligations shall be limited to the proceeds of the Escrowed Securities and the cash balances from time to time on deposit in the Escrow Fund. Notwithstanding any provision contained herein to the contrary, neither the Escrow Agent nor the Paying Agent shall have any liability whatsoever for the insufficiency of funds from time to time in the Escrow Fund or any failure of the obligors of the Escrowed Securities to make timely payment thereon, except for the obligation to notify the Issuer as promptly as practicable of any such occurrence.

The recitals herein and in the proceedings authorizing the Refunding Obligations shall be taken as the statements of the Issuer and shall not be considered as made by, or imposing any obligation or liability upon, the Escrow Agent. The Escrow Agent is not a party to the proceedings authorizing the Refunding Obligations or the Refunded Obligations and is not responsible for nor bound by any of the provisions thereof (except as a place of payment and paying agent and/or a paying agent/registrar therefor). In its capacity as Escrow Agent, it is agreed that the Escrow Agent need look only to the terms and provisions of this Agreement.

The Escrow Agent makes no representations as to the value, conditions or sufficiency of the Escrow Fund, or any part thereof, or as to the title of the Issuer thereto, or as to the security afforded thereby or hereby, and the Escrow Agent shall not incur any liability or responsibility in respect to any of such matters.

It is the intention of the parties hereto that the Escrow Agent shall never be required to use or advance its own funds or otherwise incur personal financial liability in the performance of any of its duties or the exercise of any of its rights and powers hereunder.

The Escrow Agent shall not be liable for any action taken or neglected to be taken by it in good faith in any exercise of reasonable care and believed by it to be within the discretion or power conferred upon it by this Agreement, nor shall the Escrow Agent be responsible for the consequences of any error of judgment; and the Escrow Agent shall not be answerable except for its own action, neglect or default, nor for any loss unless the same shall have been through its negligence or willful misconduct.

Unless it is specifically otherwise provided herein, the Escrow Agent has no duty to determine or inquire into the happening or occurrence of any event or contingency or the performance or failure of performance of the Issuer with respect to arrangements or contracts with others, with the Escrow Agent's sole duty hereunder being to safeguard the Escrow Fund, to dispose of and deliver the same in accordance with this Agreement. If, however, the Escrow Agent is called upon by the terms of this Agreement to determine the occurrence of any event or contingency, the Escrow Agent shall be obligated, in making such determination, only to exercise reasonable care and diligence, and in event of error in making such determination the Escrow Agent shall be liable only for its own willful misconduct or its negligence. In determining the occurrence of any such

event or contingency the Escrow Agent may request from the Issuer or any other person such reasonable additional evidence as the Escrow Agent in its discretion may deem necessary to determine any fact relating to the occurrence of such event or contingency, and in this connection may make inquiries of, and consult with, among others, counsel at any time.

The Escrow Agent may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, written investment direction, statement, instrument, opinion, notice or other paper or document believed by it to be genuine and to have been signed or presented by the property party. The Escrow Agent need not investigate any fact or matter stated in the document.

The Escrow Agent may execute any of the trusts or powers hereunder or perform any duties hereunder with directly or by or through its agents or attorneys and may in all cases pay reasonable compensation to any agent or attorney retained or employed by it in connection therewith.

The Escrow Agent may consult with counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it in good faith and in accordance therewith.

To the extent permitted by law, the Issuer agrees to indemnify, defend and hold the Escrow Agent and its officers, directors, agents, and employees harmless from and against any and all loss, damage, claim, liability and expense that may be incurred by the Escrow Agent arising out of or in connection with its acceptance or appointment as Escrow Agent hereunder, including the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder except that the Escrow Agent shall not be indemnified for any loss, damage, claim, liability, or expense resulting from its own negligence or willful misconduct. The foregoing indemnification shall survive the termination of this Agreement or the resignation or removal of the Escrow Agent for any reason.

Section 7.03. Compensation. (a) Concurrently with the sale and delivery of the Refunding Obligations, the Issuer shall pay to the Escrow Agent, as a fee for performing the services hereunder and for all expenses incurred or to be incurred by the Escrow Agent in the administration of this Agreement, the sum of \$500.00, the sufficiency of which is hereby acknowledged by the Escrow Agent. In the event that the Escrow Agent is requested to perform any extraordinary services hereunder, the Issuer hereby agrees to pay reasonable fees to the Escrow Agent for such extraordinary services and to reimburse the Escrow Agent for all expenses incurred by the Escrow Agent in performing such extraordinary services, and the Escrow Agent hereby agrees to look only to the Issuer for the payment of such fees and reimbursement of such expenses. The Escrow Agent hereby agrees that in no event shall it ever assert any claim or lien against the Escrow Fund for any fees for its services, whether regular or extraordinary, as Escrow Agent, or in any other capacity, or for reimbursement for any of its expenses.

(b) The Paying Agent is the place of payment (paying agent) for the Refunded Obligations. Concurrently with the sale and delivery of the Refunding Obligations the Issuer shall pay to the Paying Agent the sum of \$750.00, the sufficiency of which is hereby acknowledged by the Paying Agent, for redemption fees for the Refunded Obligations; and the Paying Agent

warrants that such sum is sufficient for such purpose. The Issuer covenants to timely pay for all future paying agency services of the Paying Agent for the Refunded Obligations in accordance with the paying agent fee schedule now in effect through the final payment of the Refunded Obligations, the sufficiency of which is hereby acknowledged by the Paying Agent. Additionally, the Paying Agent has agreed to look only to the Issuer for the payment of such fees and reimbursement of such expenses, and for the benefit of the registered owners of the Refunded Obligations, to perform the services as Paying Agent without regard to the future payment of such fees and expenses. The Paying Agent shall in no event assert any claim or lien against the Escrow Fund for any fees for their services, whether regular or extraordinary, as Paying Agent, or in any other capacity, or for reimbursement for any of its expenses.

(c) Upon receipt of the aforesaid specific sums stated in subsections (a) and (b) of this Section 7.03 for Escrow Agent and paying agency fees, expenses, and services, the Escrow Agent shall acknowledge such receipt to the Issuer in writing.

Section 7.04. Successor Escrow Agents. If at any time the Escrow Agent or its legal successor or successors should become unable, through operation of law or otherwise, to act as escrow agent hereunder, or if its property and affairs shall be taken under the control of any state or federal court or administrative body because of insolvency or bankruptcy or for any other reason, a vacancy shall forthwith exist in the office of Escrow Agent hereunder. In such event the Issuer, by appropriate action, promptly shall appoint an Escrow Agent to fill such vacancy. If no successor Escrow Agent shall have been appointed by the Issuer within 60 days, a successor may be appointed by the owners of a majority in principal amount of the Refunded Obligations then outstanding by an instrument or instruments in writing filed with the Issuer, signed by such owners or by their duly authorized attorneys-in-fact. If, in a proper case, no appointment of a successor Escrow Agent shall be made pursuant to the foregoing provisions of this section within three months after a vacancy shall have occurred, the owner of any Refunded Obligation may apply to any court of competent jurisdiction to appoint a successor Escrow Agent. Such court may thereupon, after such notice, if any, as it may deem proper, prescribe and appoint a successor Escrow Agent.

Any successor Escrow Agent shall be a corporation organized and doing business under the laws of the United States or the State of Texas, authorized under such laws to exercise corporate trust powers, authorized under Texas law to act as an escrow agent, having its principal office and place of business in the State of Texas, having a combined capital and surplus of at least \$5,000,000 and subject to the supervision or examination by Federal or State authority.

Any successor Escrow Agent shall execute, acknowledge and deliver to the Issuer and the Escrow Agent an instrument accepting such appointment hereunder, and the Escrow Agent shall execute and deliver an instrument transferring to such successor Escrow Agent, subject to the terms of this Agreement, all the rights, powers and trusts of the Escrow Agent hereunder. Upon the request of any such successor Escrow Agent, the Issuer shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor Escrow Agent all such rights, powers and duties.

The Escrow Agent at the time acting hereunder may at any time resign and be discharged from the trust hereby created by giving not less than sixty (60) days' written notice to the Issuer and publishing notice thereof, specifying the date when such resignation will take effect, in a newspaper printed in the English language and with general circulation in New York, New York, such publication to be made once at least three (3) weeks prior to the date when the resignation is to take effect. No such resignation shall take effect unless a successor Escrow Agent shall have been appointed by the owners of the Refunded Obligations or by the Issuer as herein provided and such successor Escrow Agent shall be a paying agent for the Refunded Obligations and shall have accepted such appointment, in which event such resignation shall take effect immediately upon the appointment and acceptance of a successor Escrow Agent. If within 60 days following the resignation of the Escrow Agent, no successor Escrow Agent shall have been appointed, the Escrow Agent may apply to any court of competent jurisdiction to appoint a successor Escrow Agent.

Any corporation or association into which the Escrow Agent in its individual capacity may be merged or converted or with which it may be consolidated, or any corporation or association resulting from any merger, conversion or consolidation to which the Escrow Agent in its individual capacity shall be a party, or any corporation or association to which all or substantially all the corporate trust business of the Escrow Agent in its individual capacity may be sold or otherwise transferred, shall be the Escrow Agent under this Escrow Agreement without further act.

Under any circumstances, the Escrow Agent shall pay over to its successor Escrow Agent proportional parts of the Escrow Agent's fee and, if applicable, its Paying Agent's fee hereunder.

## ARTICLE VIII

### MISCELLANEOUS

Section 8.01. Notice. 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 to the Issuer or the Escrow Agent at the address shown on Exhibit "A" attached hereto. 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. Prior written notice of any amendment to this Agreement contemplated pursuant to Section 8.08 and immediate written notice of any incidence of a severance pursuant to Section 8.04 shall be sent to Moody's Investors Service, Attn: Public Finance Rating Desk/Refunded Bonds, 7 World Trade Center, 250 Greenwich Street, 23rd Floor, New York, New York 10007, Standard & Poor's Rating Services, a Standard & Poor's Financial Services LLC business, Attn: Municipal Bond Department, 25 Broadway, New York, New York 10004, Fitch, Inc., One State Street Plaza, New York, New York 10004, and MBIA Insurance Corporation, 113 King Street, Armonk, New York 10504, Attn: Insured Portfolio Management.



Section 8.02. Termination of Responsibilities. Upon the taking of all the actions as described herein by the Escrow Agent, the Escrow Agent shall have no further obligations or responsibilities hereunder to the Issuer, the owners of the Refunded Obligations or to any other person or persons in connection with this Agreement.

Section 8.03. Binding Agreement. This Agreement shall be binding upon the Issuer and the Escrow Agent and their respective successors and legal representatives, and shall inure solely to the benefit of the owners of the Refunded Obligations, the Issuer, the Escrow Agent and their respective successors and legal representatives.

Section 8.04. Severability. In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Agreement, but this Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein.

Section 8.05. Texas Law Governs. This Agreement shall be governed exclusively by the provisions hereof and by the applicable laws of the State of Texas.

Section 8.06. Time of the Essence. Time shall be of the essence in the performance of obligations from time to time imposed upon the Escrow Agent by this Agreement.

Section 8.07. Effective date of Agreement. This Agreement shall be effective upon receipt by the Escrow Agent of the funds described in the Report and the Escrowed Securities, together with the specific sums stated in subsections (a) and (b) of Section 7.03 for Escrow Agent and paying agency fees, expenses, and services.

Section 8.08. Amendments. This Agreement shall not be amended except to cure any ambiguity or formal defect or omission in this Agreement. No amendment shall be effective unless the same shall be in writing and signed by the parties thereto. No such amendment shall adversely affect the rights of the holders of the Refunded Obligations.

Section 8.09. Miscellaneous. (A) Pursuant to sections 2252.152 and 2271.002, Texas Government Code, as amended, the Escrow Agent and any parent company, wholly owned subsidiary, majority-owned subsidiary, and affiliate:

- 1) Do not boycott Israel and agree not to boycott Israel during the term of this Agreement. "Boycott Israel" has the meaning provided in section 808.001 of the Texas Government Code.
- 2) Unless affirmatively declared by the United States government to be excluded from the federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization, are not identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under section 2252.153 or section 2270.0201 of the Texas Government Code.

For purposes of the foregoing, "affiliate" means any entity that controls, is controlled by, or is under common control with the applicable entity within the meaning of SEC Rule 405, 17. C.F.R. 230.405 and exists to make a profit. The verifications contained in this section 6.12(A) shall survive termination of the Agreement until the statute of limitations has run.

(B) Pursuant to Section 2276.002, Texas Government Code, as amended, and Section 2274.002, Texas Government Code, as amended, the Escrow Agent and the District acknowledge and agree that this Agreement has an aggregate value of less than \$100,000, and in no event will the District pay the Escrow Agent \$100,000 or more for its services hereunder.

(C) The Escrow Agent represents and warrants, for purposes of Section 2252.908 of the Texas Government Code, that the Escrow Agent is a publicly traded business entity or a wholly owned subsidiary of a publicly traded business entity.

Section 8.10. Execution by Counterparts. 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.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

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

(Issuer Seal)

\_\_\_\_\_  
President

ATTEST:

\_\_\_\_\_  
Secretary

THE BANK OF NEW YORK MELLON TRUST  
COMPANY, NATIONAL ASSOCIATION

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

## **INDEX TO ESCROW AGREEMENT EXHIBITS**

Exhibit "A"    Addresses of the Issuer and the Escrow Agent

Exhibit "B"    Verification Report of Public Finance Partners, LLC

## **EXHIBIT A**

### **ADDRESSES OF THE ISSUER AND THE ESCROW AGENT**

#### **ISSUER**

North Texas Municipal Water District  
505 East Brown  
Wylie, Texas 75098

Attention: Executive Director

#### **ESCROW AGENT**

The Bank of New York Mellon Trust Company, National Association  
601 Travis Street, Floor 16  
Houston, Texas 77002

Attention: Corporate Trust Department

**EXHIBIT B**

VERIFICATION REPORT OF FROST PLLC, CPA'S IN CONJUNCTION WITH  
PUBLIC FINANCE PARTNERS LLC

## 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 Water System Revenue Refunding and Improvement (ECP) 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 Department

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

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.

[EXECUTION PAGE FOLLOWS]

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